

# INTERNATIONAL Herald Tribune

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TODAY'S WEATHER FORECAST — PARIS:  
Sun. Temp. 24-32 (75-90). Tomorrow (Sat.)  
Sun. Temp. 22-34 (72-93). LONDON: Sunny,  
temp. 27-39 (81-101). Tomorrow similar. Yester-  
day's temp. 24-32 (75-90). CHANDEL, Smooth,  
temp. 24-32 (75-90). NEW YORK:  
Sun. Temp. 24-32 (75-90). Tomorrow's temp.  
24-32 (75-90).

ADDITIONAL WEATHER—COMICS PAGE.

AMSTERDAM ..... 12 S.  
Belgium ..... 20 S.  
Denmark ..... 20 S.  
France ..... 20 S.  
Germany ..... 20 S.  
Greece ..... 20 S.  
India ..... 20 S.  
Italy ..... 20 S.  
Japan ..... 20 S.  
Netherlands ..... 20 S.  
Norway ..... 20 S.  
Portugal ..... 20 S.  
Spain ..... 20 S.  
Sweden ..... 20 S.  
Switzerland ..... 20 S.  
Turkey ..... 20 S.  
U.S. Military (Eur) ..... 20 S.  
Yugoslavia ..... 20 S.

o. 28,798

PARIS, WEDNESDAY, AUGUST 27, 1975

Established 1887

## Goncalves Clings To Post Despite Lisbon Pressure

By Henry Giniger

LISBON, Aug. 26 (NYT).—For Premier Vasco dos Santos Goncalves it was business as usual today as he dismissed a cabinet member and a minister of state.

The Premier held a cabinet meeting but the President remained under serious foreign and internal pressure to replace him for allegedly trying to promote Communist dictatorship against the will of the people. One international pressure was being acutely felt by the President as he met with aides to discuss the critical situation in Angola, where hundreds of thousands of white settlers are seeking to flee a civil war there.



Ernesto Melo Antunes

## Key Figures in Spain Ask for Reforms

MADRID, Aug. 26 (UPI).—A group of influential center-right politicians, several of them former holders of high office in the administration, have issued a statement calling for "deep and radical" reforms so Spain can emerge from an authoritarian to a democratic system.

Political sources expected the statement to have a deep impact. It was issued by politicians in long and close connections with the regime of Generalissimo Francisco Franco, 82.

The statement was released today by two former cabinet ministers, several members of the Cortes parliament, business leaders and a monarchist politician believed to be close to Prince Juan Carlos, Gen. Franco's designated successor.

We are convinced that [Spain] can achieve, by way of deep and radical reform, a change from an authoritarian to a democratic system," the politicians said after meeting in Santiago de Compostela.

**Aimed at Future**  
Contradicting Gen. Franco's views who have urged that Spain's political institutions remain largely unchanged after his death, the statement said, "Political change must be introduced to the construction of a future much more than the past."

They said, "The primary aim should be the creation of a democratic society... making certain that this process is achieved with absolute guarantees of security in all walks of life."

They also said they will undertake a series of studies on key aspects of national life, including the question of "the succession of the office of the chief of state," and on record calling for resignation of Gen. Franco.

In response to his urgent plea for help in evacuating the refugees by an airlift, the United States was understood to have withheld its assent as long as the present government is in power. Washington's position, which may be followed by other Western governments, came to public attention here in the Communist afternoon daily, *Diario de Lisboa*, which accused U.S. Ambassador Frank Carlucci of conspiring with anti-Goncalves forces last weekend.

[In Washington, the State Department acknowledged today that there was a meeting Friday between Mr. Carlucci and Gen. Costa Gomes in which Portugal asked for help in evacuating refugees from Angola, and that the ambassador expressed U.S. willingness in principle to help, subject to the availability of funds.

[Press Officer Robert Fumstath said that no formal request had come from Portugal and there was not enough information available for a final decision.]

A group of nine officials who were members of the Council of the Revolution until they were suspended were still intent on getting the Premier out and at least two of them, Maj. Ernesto Melo Antunes and Maj. Victor Alves, were reported to have moved from Lisbon last night and gone to the headquarters of the Central Military Region in Coimbra.

Its commander, Brig. Gen. Carlos Chagas, is a member of the group that thought it had the President's agreement a week ago to replace the present cabinet and agreed in turn to wait a week for this to happen.

The afternoon daily *A Capital* said today that the deadline, supposedly set at midnight last night, had been extended to Thursday. It also said that Gen. Carlos Fabiao, the army chief of staff, who had formed the new cabinet, was now hesitating and that other possibilities were being discussed including that of the President himself taking over the premiership.

**Decision Not Made**  
The Council of the Revolution met until early this morning but came forth with decisions on secondary matters, leaving the crucial question up in the air. The time had passed at the presidential palace and one report said they had refused a conciliatory offer to reinstate them in the council. While it met, Maj. Melo Antunes and Maj. Alves left Lisbon for Coimbra, according to sources close to them, either to avoid possible arrest or to be in a position to apply force themselves if the President continued to hesitate.

The Socialist party, whose resignation from the government five weeks ago precipitated the crisis, and which is now impatiently waiting to return to power, warned in the President today that he was carrying "a very serious responsibility" since "on him depends the possibility of a peaceful solution to the present crisis."

In Leiria, meanwhile, one person died and at least three persons were wounded as anti-Communist forces attacked the party's headquarters yesterday for the second straight night. They were driven back by intense gunfire.



An Israeli Army officer loads maps of the Sinai into the trunk of a car after meetings between Secretary of State Henry Kissinger and Israeli leaders in Jerusalem.

## Kissinger, Sadat Restrained

## 'Remarkable Progress' Seen By Allon on Mideast Accord

By Bernard Gwertzman

ALEXANDRIA, Egypt, Aug. 26 (NYT).—Foreign Minister Yigal Allon of Israel said today that "remarkable progress" had been made in the last two days toward the conclusion of a new Sinai agreement with Egypt under Secretary of State Henry Kissinger's auspices.

His remarks were made to reporters in Jerusalem just before Mr. Kissinger departed for this Egyptian port city to continue his accelerated mediation efforts to wrap up the accord.

Israeli officials, somewhat to Mr. Kissinger's disquiet, have been claiming in the last day or so that the agreement was a foregone conclusion, but Mr. Kissinger and President Anwar Sadat of Egypt have been more cautious.

Mr. Kissinger acknowledges that most major issues have been settled, but he worries that snags could develop in translating agreements into actual draft language. There is also concern in the U.S. party that so much talk about the accord before it is actually signed might lead to political problems in either Israel or Egypt that could cause difficulties to arise.

Nevertheless, Mr. Kissinger continues to work toward concluding the accord by the end of this week or early next week. Originally he set a Sept. 2 deadline.

## Kissinger, Quick to Spot a Leak, Plugs a High-Level One in Israel

JERUSALEM, Aug. 26 (WP).—Secretary of State Henry Kissinger has a well deserved reputation for being leak-proof, and last night he blew his stack when some high-level leaking was done right in front of his eyes.

As a meeting with the Israelis broke up, the crowd of reporters with his customary generalities about progress when Israeli Foreign Minister Yigal Allon supposedly an old friend of the secretary, started to spill the beans. On the question of Egyptian troop advances into the Sinai, Mr. Allon said: "I can be explicit... the Egyptians will be allowed to advance into the existing buffer zone... will be permitted to go south along the Gulf of Suez a certain distance."

Excuse me," Mr. Kissinger interrupted. "I really do not feel that I can be party to such a discussion now." (Mr. Allon breaks off, "... and any such discussion that takes place should be...")

Mr. Allon: "No, we're not going to discuss it. We'll have an opportunity to do that in detail..."

Later, asked about the new lines being drawn in the Sinai, Mr. Kissinger said acidly: "I don't want to deprive others who will no doubt feel the need to talk before the night is out on every possible subject."

## Rhodesia Talks Break Down Over Immunity of Guerrillas

## Smith to Deal With Some of Tribal Chiefs

From Wire Dispatches

SALISBURY, Rhodesia, Aug. 26.—The first attempt at direct negotiations between Rhodesia's white minority government and black African nationalists ended in failure today with each side accusing the other of deliberately wrecking negotiations.

Rhodesian Prime Minister Ian Smith, who had met 14 1/2 hours with the African National Council aboard a railway train on Victoria Falls Bridge, said tonight that he would now go ahead with plans to reach a settlement with tribal chiefs and other Africans.

Cheered by government backbenchers, Mr. Smith told Parliament in a broadcast and televised statement that the council delegation had advised early today that it would agree to hold detailed talks in Rhodesia, provided all nationalist leaders could attend.

Among the council's senior members are several alleged guerrilla fighters wanted on criminal charges in Rhodesia, where guerrillas may face the death sentence.

Mr. Smith said, "This was quite unacceptable. This would involve people who are well-known terrorist leaders, who bear the responsibility for the murders and other atrocities which have been perpetrated in the country."

"These men can only be compared with the Baader-Meinhof [West German urban guerrilla group] and Black September terrorist groups, among others," he said.

The ANC said that Mr. Smith had "torpedoed every effort of ours that would have led to a 'peaceful settlement' and that it would not seek further talks with him."

It said all points of dispute were settled except that of immunity.

Mr. Smith was prepared to give immunity to members of our negotiating team already in the country, who do not need this immunity, but not to those who live outside the country," the ANC said.

"It is absurd to grant immunity to those who do not need it and not to those who do need it."

**Pressure Expected**  
It appeared that South Africa and Zambia, whose leaders also attended the conference, would not let matters rest there. It seemed likely that they would exert pressure on the Rhodesian government and the nationalists to come to terms.

South African Prime Minister John Vorster said, on his return to Pretoria, "Both President Kaunda of Zambia and I, who attended the talks as outsiders, will continue in our efforts to find a solution."

President Kenneth Kaunda told a news conference in Lusaka that there had been progress at Victoria Falls.

"There are one or two points which need following up, and I think in the next 10 days or so steps will be taken to see that these points are followed up," he said.

Yesterday's talks in a luxury railway car over the Zambezi River at the Rhodesian-Zambian frontier were intended to work toward majority rule in Rhodesia and prevent an escalation of the black guerrilla war.

Rhodesia's government and economy are entirely controlled by the former British colony's 270,000 whites, even though the 5.7 million blacks outnumber them more than 30 to 1.

Mr. Smith's office to Parliament that he plans to hold constitutional talks with conciliatory blacks referred to those who have



Rhodesian Prime Minister Ian Smith announces his departure from Victoria Falls after his peace talks with the black nationalist representatives ended in a disagreement.

## Skippers Call Off Rotterdam Blockade

## Dutch Government Warns Barge Strikers

THE HAGUE, Aug. 26 (Reuters).—The government said tonight that the police and the navy would break a blockade by protesting barge skippers if they did not end it voluntarily.

The government issued the warning in a communiqué shortly after the skippers ended their blockade of Rotterdam—the world's biggest port—but vowed to continue blocking all other major ports and waterways in the Netherlands. A similar strike continued in Belgium.

Leo van Laak, leader of the campaign by 2,000 militant skippers and crewmen, said they were lifting the blockade here after a plea by Rotterdam Mayor André van der Louw.

The two men met to discuss the boatmen's demands, that the government scrap its plan for legislation aimed at reducing the number of Dutch cargo barges because there were too many boats and too little freight for them. There are 8,600 barges.

Mr. Van der Louw pointed out that about 70 large sea-going vessels were blocked in Rotterdam by the chains of about 200 barges. More than 50 ships were backed up waiting to berth outside the harbor.

The mayor said the blockade, which started early yesterday, was seriously damaging Rotterdam and the Dutch economy. But

Mr. Van Laak told reporters after the meeting that the blockade of all other ports and inland waterways would continue unless the government bowed to the demands.

Parliament decided to hold an immediate debate on the proposed legislation that caused the protest. The measure would put many bargemen out of business by changing the present complex system of freight allocation in the ports and forcing skippers to sign long-term contracts with private firms.

Shortly before the Rotterdam skippers announced their decision, boatmen in other parts of the country tightened their blockade even further by stringing barges across canals and rivers that were left open yesterday. The Rhine and all its main tributaries are now sealed off close to the West German and Belgian borders.

Striking Belgian boatmen also simultaneously blockaded major waterways yesterday to press demands for transport charges to be linked to the cost of living.

## French Arrest 10 Separatists As Corsican Tension Grows

By Bernard D. Kaplan

PARIS, Aug. 26 (WP).—A growing crisis over separatist agitation in Corsica led today to the arrest of 10 members of an extremist movement, who were charged with endangering the security of the French state.

The arrests were made as Prime Minister Jacques Chirac and other senior cabinet ministers attended the funeral of two soldiers killed in a shootout five days ago with members of the same movement, Action for the Rebirth of Corsica.

The government is expected formally to outlaw the group tomorrow. But its leaders, claiming a following of several thousand, have already announced plans to go underground.

As though to underscore that the separatist phenomenon in Western Europe's most highly centralized nation is not confined to a single island, bombs exploded today in Rennes, the capital of Brittany, behind the homes of the mayor—who is also a senator—and a deputy in the French National Assembly. The attacks were believed to be the work of the Breton Liberation Front, which two weeks ago bombed a nuclear plant in the province.

A Gaullist party leader, Alexandre Sanguinetti, himself a Corsican, called for the immediate banning of all autonomist movements in France. His demand was seen by observers as a trial balloon by the government to test public reaction to stern measures. It appeared to reflect the increasing seriousness with which official circles viewed the spread of separatist sentiment in many regions.

The Corsican situation has

(Continued on Page 2, Col. 6)

## Duvalier Friends Involved Haiti Minister, 12 Others On Trial in Stamp Swindle

PORT-AU-PRINCE, Haiti, Aug. 26 (AP).—Thirteen persons, including a cabinet minister and a publisher who are friends of President Jean-Claude Duvalier, went on trial today for what has become known as "the great stamp swindle."

Among the pieces of evidence are an allegedly forged letter from a government official and a faked copy of the official government newspaper.

A Justice Ministry spokesman said an estimated \$2 million was realized from the sale of illegal postage stamps featuring James Audubon's "Birds of America" before a Haitian stamp collector brought it to the attention of the government on March 1.

The defendants in the televised trial include Serge Fourcand, who was minister of commerce and industry until the scandal broke and an old friend of Mr. Duvalier, Francis Leroy, co-publisher of the English-language *News of Haiti* and another presidential friend, and Fritz Schume, a local artist and former post-office employee.

The government charges that the 13 sold the stamps to collectors but did not make them available in Haiti. The stamp issue had a face value of more than \$8 million and brought considerably higher prices from collectors than would have been paid at Haitian post offices.

Government officials give this account: The collector who tipped off the government received a circular announcing the issue from the J. and H. Stolor Co. of New York. It included a letter signed by Henry Bayard, second secretary in Haiti's Ministry of Commerce and Industry, authorizing the stamp series.

The collector, puzzled because he was unaware of the issue, contacted Mr. Bayard, who pronounced both the letter and his signature a forgery and took the matter to Mr. Duvalier.

The Haitian Consulate in New York contacted the Stolor company, which produced not only the original of the letter but also a copy of Haiti's official legal newspaper, *Le Monitor*, carrying an item authorizing the sale under the seal and signature of the President.

A government investigation found that the copy of *Le Monitor* was also a fake, an exact reproduction of the edition of that date except for a small item replaced by the stamp authorization.

## S. Korean Plan To Upgrade Arms Backed by U.S.

SEOUL, Aug. 26 (WP).—U.S. Defense Secretary James Schlesinger approved of a South Korean plan to upgrade military strength and has told the South Koreans he will do his best to help them within constraints imposed by Congress, sources close to a joint defense meeting said today.

South Korea wants to buy tanks, aircraft, submarines and other weapons from the United States in a five-year \$3-billion program to significantly upgrade its military strength, Seoul officials said.

The South Koreans have asked Mr. Schlesinger for an undisclosed sum in military credits to buy U.S. weaponry, and U.S. investment and technological support for an ambitious scheme to expand Seoul's defense industry. Mr. Schlesinger again re-emphasized the U.S. commitment to the defense of South Korea.

## PLO, N. Vietnam, N. Korea Join Nonaligned

LIMA, Aug. 26 (AP).—Non-aligned nations today granted full membership in their bloc to three anti-American governments and the Palestine Liberation Organization but rejected an application for pro-U.S. South Korea.

Hundreds of delegates to the Fifth Ministerial Conference of Nonaligned Nations, which opened yesterday, raised the membership of the bloc to 83 by admitting North Vietnam, North Korea, Panama and the PLO, conference officials reported.

Delegation members said the debate was stalled for a time over the precise definition of "non-aligned." One representative said the crucial issue seemed to be whether North Korea and North

Vietnam belonged to military alliances, but in the voting both countries and the PLO were admitted almost unanimously.

A similar bid by South Korea, which sent a strong lobby, was rejected, delegates said. An African delegate reported that South Korea was viewed with suspicion because of its close links with the United States.

The conference also rejected the applications of the Philippines and Guatemala for observer status.

The conference turned later today to its major business, the formulation of strategy to bring about a new world economic order. But further delay was threatened by a proposal from 19 Arab nations and the PLO

that the conference call for the suspension or expulsion of Israel from the United Nations.

Acceptance of the PLO was granted at a time when Egyptian-Israeli agreement on a new military disengagement was reported imminent. This, some delegates suggested, could slow down the drive here for another UN resolution.

"These problems keep surfacing," complained an Asian ambassador, one of many delegates who are impatient to get down to discussion of raw materials and other economic issues.

In its remaining five days the conference has an agenda that includes problems of food shortages, raw materials, multinational corporations, investments, the



## Extreme Divisions in Lisbon

## Goncalves Foes Split on Own Goals

By Henry Giniger

LISBON, Aug. 26 (NYT).—The incompatibilities among the extraordinarily wide range of political and social groups lined up against Premier Vasco dos Santos Goncalves have created the prospect of continued conflict after his expected fall.

From extreme left to extreme right, civilian and military groups have taken positions against the Premier primarily because they believe that he has become the instrument of the Communist party, is promoting its control and is inevitably heading toward a regime in the Eastern European Communist pattern.

If all these groups know what they are against, they show no cohesion in what they are for. Consequently, the disappearance of Gen. Goncalves is not expected, by itself, to restore unity to a revolution that seems directionless and increasingly unable to cope with economic and social problems.

On the extreme left are Communists opposed to the Communist party. Despite Portugal's political isolation from the rest of Europe, there grew up here, as there did elsewhere on the continent, revolutionary movements that reflect the ideological split between Peking and Moscow.

## Significant Influence

Some of the groups existed before the revolution that erupted in April of last year, and about half a dozen exercise significant influence among workers, peasants, soldiers and sailors as Marxist rivals to the Communist and Socialist parties. Most claim ideological fidelity to Peking and call themselves Maoist or Marxist-Leninist. Some go back to Trotsky for inspiration and are equally hostile to Moscow.

They have pushed for immediate power for the workers, without party organization in factories and in government. The have refused cooperation with "bourgeois" political groups, have spurned Western forms of democracy and have accused the Communist party of being "revisionist."

The party has cooperated with more moderate groups, has at least temporarily forsworn the dictatorship of the proletariat and, in its rivals' view, represents Soviet imperialism.

The center of the opposition to the Premier, the Socialist and Popular Democratic parties, has no more use for the revolutionary groups than for the Communists, although some of the extreme leftists have participated in Socialist demonstrations for tactical reasons.

## Civil Liberties

The main concern of the Socialists and Popular Democrats at the moment is for civil liberties. They also favor a slowdown in the rate of nationalization, help for private business, close links to Western sources of aid and encouragement of Portuguese and foreign investment. The two parties are strongly oriented to the Western democracies, particularly the social democratic countries, which have given them material and moral support.

Nonetheless, the Socialists consider themselves truly Marxist in their desire to replace capitalism, so they have kept some distance from the more reformist-minded Popular Democrats. The Socialists also object to the presence in Popular Democratic ranks, particularly in the northern rural

areas, of persons who supported the old regime.

The Social Democratic center, despite its name, is the main conservative group. It seeks to reconcile capitalism with democracy and has links with conservative and Christian Democratic parties in other countries. On its fringes are also found some supporters of the old regime.

## Role of Far Right

The extreme right, both those who have remained in Portugal and those who have fled abroad, is believed to have played a role in the wave of attacks on Com-

munist centers and in the campaign against the Premier. Other anti-Communists, among them the Socialists, acknowledge this and are embarrassed by it since it lends substance to the Premier's argument that his fight is essentially against those who would overthrow the revolution and restore fascism.

The Armed Forces Movement is split in much the same way as the country as a whole is. Against the Premier and his Communist allies are arrayed three principal currents.

Nine members of the Council of the Revolution, formerly the leadership of the military junta, have taken a line close to that of the Socialists. A document it brought out two weeks ago began the campaign in the armed forces against the Premier, who was accused of tolerating excesses by the Communist party, a minority. The council wants socialism, accompanied by widely based democracy and achieved peacefully, which means recognition of Portugal's need for help from the West.

## Counterdocument

Another group of officers, linked with Gen. Otilio Saraiva de Carvalho, the military security chief, brought out a counterdocument that also was critical of the Communists but that rejected the gradualist Social Democratic approach. Scornful of political parties and of Western democracy in general, the officers called for the organization of popular power through workers' groups at all levels—the view of the extreme left. They rejected dependence on East or West and called for close links with the Third World.

The two military groups have come together in a tactical alliance against the Premier, but there are signs that they are having trouble agreeing on a practical economic program. There is also political incompatibility between the radical officers and the Socialists and Popular Democratic parties, which set great store by the electoral system.

There is a group further to the right in the armed forces, some still active in Portugal, some in exile. The best-known is former President Antonio de Spínola, now in Brazil, who is spurned by almost all other critics of the Premier as a "man who turned the revolution despite his initial leadership of it."

The Roman Catholic Church, traversed by many currents but in the main conservative, is among those opposing the Premier. It is also hostile to left groups that seized its radio station in Lisbon several months ago and refused to give it back and to Gen. Carvalho for his role in the seizure.

Rep. Aspin, D-Wis., said the State Department decision was "a welcome shift in U.S. policy." He previously had protested Lockheed's plan to bring the Libyan trainees to the United States for training related to the maintenance of C-130 aircraft.

The congressman released the text of a letter from Robert McCloskey, assistant secretary of state for congressional relations, which said in part: "We share your concern about the Libyan attitude toward our efforts to reach a Middle East peace settlement."

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## India High Court

## Again Hears Plea

## On Gandhi Ruling

NEW DELHI, Aug. 26 (UPI).—An Indian attorney continued today to try to convince the Supreme Court that a constitutional amendment wiping out Prime Minister Indira Gandhi's election malpractice conviction was invalid.

Shanti Bhushan, appearing for jailed Socialist leader Raj Narain, told the court that democracy would remain in name only if the nation's highest judicial authority was deprived of its right to rule on the election of any Indian, including Mrs. Gandhi.

Mrs. Gandhi won her case against Mrs. Gandhi's 1971 election to Parliament in the Allahabad high court, which on June 12 set aside her election on the grounds of misuse of official machinery and personnel in her campaign.

Mrs. Gandhi appealed to the Supreme Court. Since then Parliament, where her ruling Congress party commands a two-third majority, has passed a law barring courts, including the Supreme Court, from hearing election disputes involving any Indian president, vice-president, prime minister or the speaker of the lower house of Parliament.

## U.S. Turns Down

## Request by Libya

## On Air Trainees

WASHINGTON, Aug. 26 (UPI).—The State Department has acknowledged concern over Libya's opposition to a Middle East peace settlement and refused a Lockheed Aircraft Corp. request to train 56 Libyan Air Force personnel in the United States, Rep. Les Aspin disclosed yesterday.

Rep. Aspin, D-Wis., said the State Department decision was "a welcome shift in U.S. policy." He previously had protested Lockheed's plan to bring the Libyan trainees to the United States for training related to the maintenance of C-130 aircraft.

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At Leiria, Portugal, young rioters use a sling and rocks to attack soldiers guarding the Communist party headquarters yesterday, the second day of anti-Communist violence.

## Curfew Suspended in Luanda For First Time Since April

LUANDA, Angola, Aug. 26 (UPI).—Portugal's high commissioner in Angola, Gen. Ferreira do Macedo, suspended the midnight-to-6 a.m. curfew in the capital yesterday because, a spokesman said, the situation in the city "had returned to normal."

"I counted only three explosions in the night and a little scattered gunfire," a reporter said. "After what's been going on, that's peaceful." The curfew had been in effect since April.

Luanda is under the control of the Soviet-armed Popular Movement for the Liberation of Angola (MPLA), which last month drove rival independence organizations from the city. The two routed groups, the National Front for the Liberation of Angola (FNLA) and the National Union for the Total Independence of Angola (UNITA), have joined forces and executed an encirclement of the seaside capital, and laid siege to it.

The 650,000 Luandans have been short of food supplies for at least three weeks. During the weekend, a Liberian tanker brought the first gasoline and jet-fuel in almost a month.

The fuel shortages had forced rationing and slowed the airlift of more than 250,000 evacuees to Portugal to escape the fighting.

About 5,000 Angolan settlers marched through central Luanda Sunday demanding ships and aircraft to take them to Lisbon. The marchers said that one of the factors slowing the operation was the bureaucracy involved.

Portuguese military sources said that the battle situation was "static." Radio Luanda said most of the FNLA forces in Lo-bito, 350 miles south of the capital, were evacuated after heavy fighting last week. There were no details on the evacuation or of fighting in other areas.

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## Goncalves Still in Post

(Continued from Page 1)

from Communists inside the hiding and from troops guarding it.

Appeal to Timor

SYDNEY, Aug. 26 (NYT).—Prime Minister Gough Whitlam appealed to the parties fighting in Portuguese Timor Tuesday to "lay down your arms and end the bloodshed."

At the same time he ruled out any military or political role for Australia in efforts to restore order in the Portuguese territory, which lies about 400 miles northwest of Darwin. Mr. Whitlam said responsibility for ending the fighting "must continue to rest with Portugal."

Speaking in the House of Representatives in Canberra, the national capital, Mr. Whitlam said Australia understood Indonesia's concern about the situation. The island of Timor is divided between Portuguese and Indonesian rule.

"We continue to hold," Mr. Whitlam said, "that the future of the territory is a matter for resolution by Portugal and the Timorese people themselves, with Indonesia also occupying an important place because of its preponderant interest."

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## Few Hurt by Convictions

## Most of Watergate Donors Still Riding High in Business

By Michael C. Jensen

NEW YORK, Aug. 26 (NYT).—One might expect them to be the pariahs of the business world. Tarnished by public exposure as illegal campaign contributors during the Watergate scandal, surely they must have sunk away in disgrace to an ignominious retirement—shunned by former friends and an embarrassment to old business associates. At least a few of them must have paid debilitating fines or be serving long sentences in federal prison.

Guess again. The fact is that most of the 21 business executives who admitted their guilt to the Watergate special prosecutor in 1973 and 1974—especially those from large corporations—are still presiding over their companies. Either that or they are living the good life in semi-retirement on their country estates.

Only two went to jail. They served a few months and were freed. Most are still ensconced in their paneled corporate offices with platoons of lawyers and public relations men at their disposal. They are entertaining friends in their homes, playing golf and tennis at their clubs and mingling with political associates and civic leaders.

Furthermore, the fines of \$1,000 or \$2,000 that most of the contributors of illegal funds had to pay have not made much of a dent in their style of living.

## Continued Earnings

Harding Lawrence, chairman of the Braniff International Corp., for example, still takes home a paycheck totaling \$335,000 a year. Orrin Atkins, chairman of Ashland Oil Inc., still makes \$314,000. And Everett Olson, chairman of Carnation Co., still earns \$212,500. Even those executives who retired, some of them under fire, are hardly roughing it. Russell DeYoung stepped down as chief executive of the Goodyear Tire and Rubber Co. in 1973, but he still is a consultant with the big tire company and heads two of its most important committees. As a result, he was paid \$360,000 last year by Goodyear. He also started collecting a pension estimated at \$144,000 a year. His Goodyear stock is worth about \$3.8 million.

Claude Wild Jr., a Gulf Oil Corp. vice-president who resigned at the height of the scandals, was quietly hired back as a consultant a few months later and earned nearly \$90,000 in seven months before he again left the payroll.

What these men—and their counterparts at such famous and powerful companies as Northrop, Minnesota Mining and Manufacturing, Phillips Petroleum and American Ship Building—have in common is that they were caught giving, conspiring to give, or otherwise participating in the funneling of corporate funds to politicians at the national level. That's illegal in the United States.

Most of the businessmen were allowed to plead guilty to a misdemeanor charge, asserting that their violations were "non-willful."

However, five of them were convicted of "willful" violations—a felony. They were George Steinbrenner 3d, chairman of the American Ship Building Co. and majority owner of the New York Yankees baseball team; Thomas Jones, chief executive of the Northrop Corporation; and three former officials of Associated Milk Producers Inc., a milk cooperative.

Few of the executives seem contrite. Many believe they were unfairly or "unluckily" singled out and prosecuted for doing what other executives had been doing without penalty for years. Most of them declined to discuss the aftermath of Watergate, although officials of some of the smaller companies talked more freely than did the high-salaried executives of major corporations who responded—sometimes at the grilly-through public relations spokesmen.

Nevertheless, one conclusion can be drawn. For most of the executives, a lifetime of accumulating wealth and power was scarcely upset by the Watergate events. Virtually all the wealth and much of the power remains; even though most of the executives paid their own fines, some have repaid their companies for legal expenses and, in some cases, the money illegally donated has been restored.

Consider the Northrop Corp., probably the most widely publicized of the corporate bribers, and its chief executive. Mr. Jones is still running this company vigorously, said a Northrop spokesman. Mr. Jones's case is instructive because he was at the forefront of the illegal activities of his company. A special committee of Northrop's board recently recommended that he be stripped of his title of chairman, an action that has been taken.

Despite such moves, Mr. Jones, 53, is hardly ready for retirement and is fighting to retain his leadership role. Last year he earned \$268,000, and his estimated retirement benefits would be \$120,000 a year.

Another big-company executive who is surviving financially is Harry Reitzler of 3M.

Mr. Reitzler resigned as chairman at age 63, about a year and a half after he had pleaded guilty to charges of making illegal political contributions and had been fined \$500. His total compensation from the company in 1974 was \$428,000 and his accumulated retirement benefits at age 65 will be about \$125,000 a year.

Meanwhile, Mr. Reitzler still occupies his big corner office on the 14th floor of 3M headquarters in St. Paul, and he is being paid at the rate of \$100,000 a year for carrying out special troubleshooting assignments.

The Sotter They Fall  
An investigation into the whereabouts and financial status of the 21 executives involved in illegal contributions leads to a conclusion that the higher the position, the more cushioned the fall—it indeed there was a fall.

Mr. Lawrence of Braniff, for example, not only continues as chairman of his company but improved his financial arrangement with Braniff after he pleaded guilty to misdemeanor charges in 1973 and paid a \$1,000 fine. His new contract calls for continued employment by Braniff until mid-1980 at no less than \$250,000 a year, which is \$30,000 a year more than the amount specified by his pre-Watergate agreement. The new contract, like the old one, also calls for a consultant fee of \$80,000 a year from 1980 to 1990, on top of retirement benefits currently estimated at \$85,000 a year.

Some of the corporate executives acknowledge distress about their involvement in illegal political contributions. Mr. Reitzler, for example, said he regretted his "error" as well as his "mistake in judgment." Others, however, tend to be argumentative.

Others have become bitter about their experience. Mr. Wild of Gulf Oil, asked what Watergate had meant to his life, said wryly, "It hasn't been a source of great satisfaction." "I'm a consultant here in Washington with several clients, and I'm trying to represent them to the best of my ability," Mr. Wild said. "But potential clients don't necessarily want to do business with somebody they read about in the newspapers every day. It's been a disruption of my personal life and my career."

Milk Case  
The most serious impact of the Watergate prosecutions was felt by three officials of the Associated Milk Producers Inc., the nation's largest dairy farmer cooperative. All were convicted of felonies.

Harold Nelson, former \$100,000-a-year general manager of the organization, and David Parr, his

## Convicted Contributors

| Company                           | Name                      | Fine/Prison               | Current Status   |
|-----------------------------------|---------------------------|---------------------------|--|
| American Ship Building            | George M. Steinbrenner 3d | \$15,000                  | Still chairman at \$50,000/yr.   |
| Ashland Oil                       | Orrin E. Atkins*          | \$1,000                   | Still chairman at \$314,000/yr.  |
| Associated Milk Producers         | Harold S. Nelson          | 4-months prison           | Resigned. Now in commodities exports.  |
|                                   | David L. Parr             | 4-months prison           | Resigned.  |
|                                   | Stuart H. Russell         | 2-years prison**          | Resigned. Now in private law practice.   |
| Braniff International             | Harding L. Lawrence       | \$1,000                   | Still chairman at \$335,000/yr.  |
| Carnation                         | H. Everett Olson          | \$1,000                   | Still chairman at \$212,500/yr.  |
| Diamond International             | Ray DeYoung               | \$1,000                   | Still V.P. for public affairs.   |
| Goodyear Tire & Rubber            | Russell DeYoung           | \$1,000                   | Still chairman of 2 committees at \$366,000/yr. Also collecting pension of \$144,000/yr. |
| Gulf Oil                          | Claude C. Wild Jr.        | \$1,000                   | Consultant in Washington, D. C.  |
| HMS Electric                      | Charles N. Huseman        | \$1,000                   | Still president.   |
| LBC&W Inc.                        | William G. Lyles Sr.      | \$2,000                   | Still chairman.  |
| Lehigh Valley Cooperative Farmers | Richard L. Allison        | Suspended Fine of \$1,000 | Discharged.  |
| 3M                                | Harry Reitzler            | \$500                     | Retired as chairman, but does special projects at \$100,000/yr.                          |
| Northrop                          | Thomas V. Jones           | \$5,000                   | Still chief executive at \$268,000/yr.   |
|                                   | James Allen               | \$1,000                   | Retired as V.P. with pension est. at \$36,000/yr.  |
| Phillips Petroleum                | William W. Keeler         | \$1,000                   | Retired with pension est. at \$201,742/yr.   |
| Ranier, Robbins & Schweitzer      | Harry Ratnie              | 1-month probation         | Still president  |
|                                   | Augustus Robbins 3d       | 1-month probation         | Still Exec. V.P.   |
| Time Oil                          | Raymond Abernethy         | \$2,000                   | Still president.   |
|                                   | Under appeal              |                           |  |

The New York Times.

chief assistant, were sentenced to four months in prison, and fined \$10,000 each, in cases growing out of illegal campaign payments aimed at influencing milk price decisions.

Stuart Russell, a former counsel to the dairy cooperative, was sentenced earlier this month to two years in prison, with immediate parole possible. He was charged with acting illegally as a conduit to funnel corporate funds into political campaigns.

Mr. Russell said he had appealed and in the meantime was practicing law in Oklahoma City. Two years of harassment by five different government agen-

cies have ruined my health," he said. "I'm insolvent and if my creditors didn't trust me, I'd be in bankruptcy."

Although the Watergate special prosecutor's office has completed most of its investigations, its task force on campaign contributions is still active and is expected to seek several additional indictments before going out of business at the end of September.

Meanwhile, most of the subjects of its earlier actions are still going about their business—sometimes sadder, generally wiser and in only a few cases significantly poorer.

There are currently \$195 million in bank loans outstanding under the guarantee agreement.

The loan board held two lengthy meetings yesterday and announced that it would require Lockheed to refrain from making any more improper payments to foreign government officials, including any required by past commitments.

The board—which, besides Mr. Simon, includes Federal Reserve Board chairman Arthur Burns and Securities and Exchange Commission chairman Ray Garrett Jr.—meanwhile routinely rejected \$80 million in Lockheed debt which became due yesterday.

Mr. Simon intimated to the Senate Banking Committee that Lockheed would go bankrupt without the \$30 million renewal, underscoring the company's need for continued government support.

Pressed by the committee chairman, Sen. William Proxmire, D-Wis., on what the board would do if it found Lockheed had been continuing, Mr. Simon said that the loan board would ask Congress not to extend the Loan Guarantee Act beyond 1977 and indicated it might act earlier by not approving a periodic debt renewal.

Lockheed chairman Daniel Haughton, in his testimony before the committee, refused to disclose details of the bribes and declined to answer a series of questions from Sen. Proxmire on whether payments were involved in L-1011 sales to specific countries and airlines.

Mr. Haughton preferred to characterize the payments as "kickbacks."

Sen. Proxmire, who led Senate opposition to the loan guarantee and has fought with Lockheed on other issues, cited four cases of large Lockheed bribes which together accounted for \$17.8 million. The descriptions were general and included no identification of recipients.

Responding to Mr. Haughton's testimony, Sen. Proxmire said Lockheed was an example of "the imperial corporation." He said that the company's management had kept its board of directors and accountants in the dark about the bribes, has refused to comply with an SEC subpoena.

Higher prices in the super-market come from today's higher labor and transportation costs, from the more expensive fuel, packaging materials and processing machinery from the higher land rents and higher building costs," Mr. Butz said.

There is also the U.S. tradition of free trading. Federal Reserve Board Chairman Arthur Burns says that the government could stop such grain sales by imposing export controls.

But such controls, he said, "could not be confined to the Soviet Union because, after all, if we stopped shipping grain to the Soviet Union, the Soviet Union could still buy grain from the Germans or the French... who would be buying from us."

Interference Warning  
He warned that comprehensive export controls "could damage us, and damage us severely in the future."

Free-market advocates in the administration warn that even the slightest government interference in the grain trade would have disastrous effects on the balance of payments and on the confidence of U.S. customers abroad.

"The alternative to selling to the Russians is to take land out of agricultural production," says Julius Katz, deputy assistant secretary of state for economic affairs.

So the administration has marshaled its arguments against criticism of the grain sales: The sales are needed to help the farmers, the nation's balance of payments, détente and other U.S. foreign-policy goals, and besides they won't have much impact on the cost of food at home.

It remains to be seen whether Americans are persuaded when still larger food bills are presented at the supermarket counters.

## Notes Debt to U.S.

## Lockheed Bribes Condemned By U.S. Treasury Secretary

By Jack Egan

WASHINGTON, Aug. 26 (WP).—U.S. Treasury Secretary William Simon strongly condemned the Lockheed Aircraft Corp. yesterday for its payments of at least \$22 million in bribes to foreign officials and political parties since 1970 to obtain sales of its L-1011 jumbo jets and other aerospace products abroad.

"To argue that bribes to foreign officials are necessary for effective competition is contrary to every principle under the free market system" and "can only increase the distrust and suspicion that is straining our national institutions," Mr. Simon told the Senate Banking Committee.

Speaking for the government's three-man Emergency Loan Guarantee Board which he heads, Mr. Simon said the board was "distressed that the government was involved, even indirectly, in the L-1011 program if, as intimated by Lockheed, that program is partially dependent upon bribes for its success."

The board was set up in 1971 after a closely divided Congress agreed to save Lockheed from bankruptcy through a government guarantee of up to \$245 million in bank loans to the giant defense contractor. Lockheed had run into production problems on the L-1011.

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calling for details on the payoffs and "is stonewalling this committee."

"It has adopted the imperious position that Lockheed and only Lockheed should determine the amount and kind of information the company's shareholders, the U.S. government and the taxpayer should have," Sen. Proxmire said.

BA Denies Involvement  
LONDON, Aug. 26 (Reuters).—British Airways angrily denied today that any of its high officials accepted bribes or kickbacks from Lockheed to clinch the airline's purchase of jets.

Sir David Nicolson, chairman of the government-owned airline, said that any such suggestion at Washington congressional hearings was deeply resented.

Saudi Arabian Probe  
BEIRUT, Aug. 26 (UPI).—Saudi Arabia's defense minister said in

an interview published today that he has ordered an investigation into allegations of bribery paid to Saudi officials by U.S. and other foreign business firms.

Prince Sultan bin Abdul Aziz said that any official found to have accepted bribes "will be punished under the law without mercy, regardless of who he may be."

Today in designing to cost that it was six years ago.

Defense officials contend that they have been struggling for those six years to persuade the military services that all combat requirements in designing weapons should not and cannot be regarded as sacred; that there is not enough money to buy the most sophisticated weapons; that there must be a mix of high and low-cost arms to insure that the United States will have enough ships, tanks and planes to cover trouble spots all around the world.

Critics of the "design-to-cost" program run by Mr. Sullivan and other civilians under Defense Secretary James Schlesinger argue that second-best weapons can lose a war; that views of battle-wise militarists are not being heeded by the cost-conscious but militarily ignorant civilians at the Pentagon; that such projects as the F-18 fighter-plane program are going to give the Navy a second-class airplane without saving any money.

Mr. Sullivan, who is assistant secretary of defense for program analysis, pledged in his memo to recommend "harsher measures against those programs—and people—who are ignoring the facts of life" about keeping costs down through better original design.

The memo dramatizes the uphill fight in which Pentagon civilians see themselves as they struggle to control the cost of weapons. Rising military costs have drawn heavy fire from congressional committees.

Eliminating Features  
Mr. Sullivan sent the memo to the leaders of the Army, Navy and Air Force, as well as to top civilian officials, in reporting on the Pentagon's "design-to-cost" program—an effort to save money by eliminating features that would be nice to have but are not considered essential.

Military leaders worried about the latest Soviet weapons are often pitted against cost analysts who argue that arms need not always be the best that money can buy.

The Sullivan memo went out on April 10. But an aide said that conditions described in it have not changed since the memo was written.

Mr. Sullivan said in an interview last week that the memo is "an honest expression of concern and frustration" in changing the design habits of the military services.

Taken as a whole, Mr. Sullivan said, the Defense Department is "doing much better" at making sure costs shape the design of weapons than was the case in previous years. He said that the Pentagon is doing "twice as well."

But it was the President's third theme, a reaffirmation of his promise to "cut big government down to size," that prompted about 1,500 hardware manufacturers and retailers in the convention hall to applaud and whistle with gusto.

"You don't need a lot of bureaucrats looking over your shoulder and telling you how to run your life or your business," he said. "We are a people who declared our independence 200 years ago and we're not about to lose it now to the paper-shufflers and computers."

"Let's take the shackles off American businessmen—that's the only kind of hardware I don't approve of," the President continued.

The speech was a preview of the broad economic philosophy on which Mr. Ford will wage his campaign next year for a full term in the White House. Officials who accompanied the President said that the pledge to reduce federal involvement in business would be accompanied later with a promise to cut down the amount of paperwork, such as annual tax returns, to which the individual citizen is subjected.

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## News Analysis

## Peace Dividend Cited in Grain Deal

By Fred Farris

WASHINGTON, Aug. 26 (UPI).—Far better we exchange bushels with them than bullets."

Agriculture Secretary Earl Butz was using East-West détente in explaining yesterday why—despite predictions that higher food prices would result—the United States would sell the Soviet Union perhaps 20 million metric tons of grain this year.

At a time that government figures showed inflation rekindling and with the expected next week of price controls on most U.S.-produced oil meaning higher energy prices, Americans were asking themselves: Why deliberately bring higher food prices by selling so much wheat and corn to foreign countries, especially the Soviet Union?

Some agriculture experts warned that food prices might rise as much as 10 per cent next year, largely as a result of the latest Soviet grain purchases, although Mr. Butz predicts only a 1.5-per-cent rise this year attributable to the Russian deal.

With food up last month by an annual rate of nearly 23 per cent, the Ford administration will have to do some powerful persuading to convince U.S. consumers—who remember what happened in 1972—that grain sales abroad are a good idea even if they drive up food prices.

The cost of food increased 40 per cent in the last three years and there is little doubt that the Soviet wheat deal of 1972 was a contributor to that inflation. But

nevertheless, one conclusion can be drawn. For most of the executives, a lifetime of accumulating wealth and power was scarcely upset by the Watergate events. Virtually all the wealth and much of the power remains; even though most of the executives paid their own fines, some have repaid their companies for legal expenses and, in some cases, the money illegally donated has been restored.

Consider the Northrop Corp., probably the most widely publicized of the corporate bribers, and its chief executive.

Mr. Jones is still running this company vigorously, said a Northrop spokesman. Mr. Jones's case is instructive because he was at the forefront of the illegal activities of his company. A special committee of Northrop's board recently recommended that he be stripped of his title of chairman, an action that has been taken.

Despite such moves, Mr. Jones, 53, is hardly ready for retirement and is fighting to retain his leadership role. Last year he earned \$268,000, and his estimated retirement benefits would be \$120,000 a year.

Another big-company executive who is surviving financially is Harry Reitzler of 3M.

many experts argue that it was not the main cause; indeed, they say, sharply increased Japanese and European buying of U.S. corn and soybeans that year had a greater inflationary thrust.

What is happening this year? After word was out last month that the Soviet Union was in the market for large amounts of grain to make up an estimated 25-million-ton deficit in its harvest, U.S. grain prices started up again. Speculators moved in and the price of wheat for future delivery rose \$1.50 a bushel since late June. Corn went up by about 80 cents a bushel. (Contributing to this rise were gloomy predictions of smaller world grain harvests.)

U.S. farmers produce far more grain than the nation can use, so the surplus must be exported. Of this year's anticipated 247-million-ton harvest, almost a third—77 million tons—is expected to be shipped overseas. Besides, the U.S. grain market is open to anyone with the money.

The very openness of the market puts U.S. farmers in competition with Soviet traders to buy corn to feed their cattle, hogs and chickens. The Russians are said to need much of the grain to support their growing livestock industry.

All this poses a difficult political-economic question for President Ford and his advisers. With an obvious eye to the fact that in next year's foreign elections, the administration wants to allow sufficient grain exports to bring adequate returns to farmers who feel the pinch of an inflation largely caused by the five-fold boost in foreign oil prices.

At the same time, it must not permit shipments so large as to make food prices rise too fast because that could cause the budding recovery from the severe recession—and enrage the voters. Secretary Butz has asked grain companies to delay further deals with the Soviet Union until the government determines the impact on consumer prices.

Officials emphasize, furthermore, that strong exports bolster the dollar abroad and help pay for imports of foreign goods—such as costly oil. The United States has a whopping \$64 billion trade surplus so far this year.

Mr. Butz and other administration officials cite the peace dividend they say the grain deals bring. The secretary even said they help Secretary of State Henry Kissinger's effort to work out a new disengagement accord between Israel and Egypt.

"The Russians are sitting on the sidelines in the Middle East maneuvering, probably because they want more grain from us," Mr. Butz said in Milwaukee yesterday. "As long as you extend that kind of trade, you are promoting the basis of the kind of thing Henry Kissinger is getting done in the Middle East. I think that kind of trade is worthwhile."

Then, acknowledging criticism of the deal's impact on food prices, he said that overseas grain sales are only a small element in food-price inflation. "We sold the Russians very little grain last year, yet retail food prices rose 14.5 per cent, and more than 80 per cent of the rise in food prices came from costs added after the raw products left the farmer's gate."

Farmers strongly resent the efforts of some critics to blame them for inflated food prices.

U.S. Tuna Fleet  
Protests Foreign Ships' Poaching  
SAN DIEGO, Aug. 26 (NYT).—The American tuna fleet, parading home in a protest demonstration yesterday, threatened a wholesale desertion to foreign-flag registry unless the government protected it from growing "poaching" in a conservation zone of the eastern Pacific.

"We're being driven into bankruptcy and will have no alternative but to switch to Panamanian or other foreign registry unless Washington acts promptly," said the fleet spokesman, Julius Zolozel, skipper of a 1,200-ton clipper. His craft was one of 46 tuna seiners that entered port yesterday, whistles and fog horns blaring.

The skippers and more than 650 crew members said they would "sit it out at our moorings and refuse to fish" until the government curbed the alleged violations by other countries of the International Tuna Conservation Zone covering 5 million square miles of the eastern Pacific.

The conservation zone, extending from the mid-California coast to the tip of Chile, was established by a U.S.-sponsored treaty in 1966. The limit for the annual catch of choice yellowfin tuna in the zone, for all nations combined, was fixed at 180,000 tons.

But of the signatories to the treaty—the United States, Canada, Mexico, Japan, France, Panama, Nicaragua and Costa Rica—only the United States enforced the treaty.



Earl Butz

They point to a four-fold rise in prices they pay for fertilizers, doubled prices of farm machinery—and until the Soviet grain purchases were known, relatively stable grain prices.

"Higher prices in the super-market come from today's higher labor and transportation costs, from the more expensive fuel, packaging materials and processing machinery from the higher land rents and higher building costs," Mr. Butz said.

There is also the U.S. tradition of free trading. Federal Reserve Board Chairman Arthur Burns says that the government could stop such grain sales by imposing export controls.

But such controls, he said, "could not be confined to the Soviet Union because, after all, if we stopped shipping grain to the Soviet Union, the Soviet Union could still buy grain from the Germans or the French... who would be buying from us."

Interference Warning  
He warned that comprehensive export controls "could damage us, and damage us severely in the future."

Free-market advocates in the administration warn that even the slightest government interference in the grain trade would have disastrous effects on the balance of payments and on the confidence of U.S. customers abroad.

"The alternative to selling to the Russians is to take land out of agricultural production," says Julius Katz, deputy assistant secretary of state for economic affairs.

So the administration has marshaled its arguments against criticism of the grain sales: The sales are needed to help the farmers, the nation's balance of payments, détente and other U.S. foreign-policy goals, and besides they won't have much impact on the cost of food at home.

It remains to be seen whether Americans are persuaded when still larger food bills are presented at the supermarket counters.

## Ford Promises Businessmen To Reduce Big Government



## Diplomacy's Green Horses

The improbable but hopeful meeting between Rhodesian Prime Minister Ian Smith and black nationalists went into recess, and Mr. Smith returned to Salisbury when the other side objected to continuing the talks inside Rhodesia. They had a point and so, probably, did Mr. Smith. But the episode carries a reminder of "Penguin Island," in which Anatole France tells of a pretender to the throne of Penguinia who would only return (assuming a successful coup by his supporters) if he could do so riding on a green horse.

With his customary irony, Anatole France relates that such a horse was found—but the coup did not materialize. Doubtless he had in mind the Comte de Chambord, who would only enter Paris as King Henri V under the white flag of the Bourbons, while the French people refused to give up their cherished tricolor. Flags—and green horses—have immense symbolic importance, and diplomacy is full of both.

There was, for example, that long wrangle over the shape of the table at the Paris talks, while hundreds were dying in Vietnam. The shadow of a green horse (at least one) hangs over the meeting of the Third World in Peru, where the Arab countries may press for Israel's expulsion from the UN, while the enormous issues of relations between rich and poor nations threaten to be obscured by a political debating point.

This is not to deny that green horses have any reality in diplomatic discussions. Mr. Smith rode away from the border at Victoria Falls on his, freed from, or at least delaying, the substantive discussions of black

rights in Rhodesia which he fears. The other side is gambling on theirs, trying, by their own kind of riding, to win points for the causes they represent. And President Kaunda of Zambia, in a curious but very relevant juxtaposition with South Africa's John Vorster, broods over the possibility that the green horses may kick up a long and ghastly war.

It would not be the green horse that did so, of course, but rather the conflicting views of those who ride them. Herds of green horses have been scampering over the Sinai Desert, while Mr. Kissinger has been shuttling back and forth between Egypt and Israel, trying to round up the mavericks, trying to convince their owners that it is better to sacrifice a mythical animal here, another there, rather than enter another phase of mutually destructive battles. And he knows, as do those who have branded their green horses, that there are issues of life and death beneath the whinnying and the neighing of the symbols.

It is, therefore, not enough to recognize the apparent artificiality of a horse's color in international affairs. That may have an emotional or even a practical value that is not apparent to the world outside. The main point is to deal with the surface problems as well as with the deeper ones; to acknowledge that, short of surrender, there are many side trails that must be traversed to reach the main highway, and that rationality is often, like art, in the eye of the beholder. The green horses of diplomacy have to be tamed, not—whatever the temptation—laughed away from the negotiating table. They are too strong for that.

## U.S. Food, Fuel and Prices

The new figures on the cost of living constitute a severe reversal to the Ford administration's hopes for economic stability. This suddenly renewed surge of inflation is doubly damaging because it was unexpected. The failure to have foreseen it casts a shadow on the forecasts that the administration is currently offering. But worse still, the administration appears to be relying mainly on monetary policy—which means, in effect, higher interest rates—as its principal weapon against further inflation. The country has had a good deal of recent experience to indicate that tight monetary policy is not very useful in restraining prices while it is murderously effective in holding down economic growth and employment.

The most startling U.S. price increases in the July index published last week were, as you might expect, in food and gasoline. None of these prices is particularly responsive to the kind of pressure that the Federal Reserve Board exerts when it restricts the money supply. Meat prices, for example, are rising because the country had a bad corn harvest a year ago. The steep fluctuations in meat prices over the past several years have been mainly caused by the rise and fall of the cost of feed. But the relationship is not a simple one. It is not merely a matter of calculating the amount of corn that a hog eats on his way to the market. Because corn was expensive last fall, farmers cut back sharply on the numbers of hogs that they raised over the winter and spring. That cutback has now reached the butchers' counters, and that is why the price of bacon is soaring.

The point here is that, in agriculture, the present pattern of great instability is in itself a powerful force for inflation. It can show, with the wisdom of hindsight, that the farmers who raise hogs overreacted. They thought that the price of feed grain last spring would be much higher than, in fact, it was. But because they had been badly nicked in previous swings of the cycle, most of them decided to proceed with caution and hold down their risks by holding down the number of animals that they were feeding.

Right now meat producers are worrying not only about last month's export sales of corn, but about the rumors of much bigger purchases by the Russians next fall. It needs to be emphasized that the trouble with the Russian grain purchases is their extreme irregularity. They generate great uncertainty among American farmers. It takes six months to raise a hog for the market, and two or three years to raise a steer.

Uncertainty on the farm now will affect prices at the supermarket far into the future.

As for gasoline, the average price for a gallon of regular grade was 56.7 cents in June and 58.1 cents in July. President Ford's increase in the oil tariff last May accounts for most of the rise. The rest of it is the customary summer increase. When the vacation season arrives, demand goes up and competition among the filling stations goes down. Through the cold months most of the companies kept somewhat below the price limits set by the controls. Even with the controls still in effect, there was enough slack in the system to permit a significant lifting of prices when Americans by the million set out to drive to the beaches and the mountains.

Until a couple of years ago, prices also routinely fell again in the autumn when demand dropped and competition sharpened again. But price controls will expire next month, and the cartel of the oil-exporting countries will meet to discuss raising world prices again. Getting rid of controls is the right decision—but, in the present circumstances, it clearly ought not to be done abruptly. The wisest solution would have been the compromise worked out in July between the White House and some congressmen, to peel off the controls gradually over the next 30 months. The House of Representatives made a mistake of enormous proportions when it voted to reject that compromise. The current figures on the cost of living, and the threat posed by OPEC, indicate the need for an urgent effort to revive it.

The conventional method of fighting inflation is to reduce consumer demand. But the recession has already accomplished that reduction more than adequately. While a recovery fortunately appears to be under way, it has not yet reached the average family's earnings. They tell slightly again in July. In real terms—that is, allowing for the effects of inflation on the dollar—the average weekly earnings of production and nonsupervisory workers are 4 per cent lower than a year ago. In view of this continuing decline, and an unemployment rate well over 8 per cent, it would be wasteful for the Federal Reserve Board to encourage a further rise in interest rates now. Since this summer's unforeseen wave of inflation is owed mainly to food and fuel prices, the remedies need to be addressed specifically to food and fuel.

THE WASHINGTON POST.

## International Opinion

### Timor and Indonesia

A power vacuum has been created [in Portuguese Timor]. The fighting in Dili and in the hills has no political sense. In Dili, especially, the situation is leading toward an anarchy in which it is no longer clear who is a friend and who is a foe. It is important for us to realize right now

that Indonesia's role as a stabilizing force over the situation in Portuguese Timor goes beyond the military aspect... It is our belief that our neighbors are hoping for quick, ripe and firm action from Indonesia with a carefully planned follow-up program in facing the situation in Portuguese Timor.

—From *Sinar Harapan* (Jakarta).

## In the International Edition

### Seventy-Five Years Ago

August 27, 1900

NEW YORK—England's coal famine and the possibilities in the export of American black diamonds figure largely in this morning's news. "With coal at less than half the price per ton than it is in Europe, the advantages in competition in every industry are so enormously on our side that they upset every calculation based on previous conditions," said Chauncey M. Depew.

### Fifty Years Ago

August 27, 1925

DUBLIN—The Irish boundary question, which has been simmering since the appointment of a commission to delimit the frontier between the Free State and Ulster, boiled up to the crisis point today. Capt. Craig's call for a conference is attributed to the Ulster government's advance information that the commission's report will be unfavorable to Ulster and that direct negotiations are essential.



'All Right, Then, I Won't Have You Guys Go On Disregarding My Rules.'

## A Miracle Needed for Angola

By Graham Hovey

NEW YORK—Angola is worse than the Belgian Congo, 1960. Angola recalls Nigeria on the edge of civil war, 1967.

Only last week, Portuguese officials were estimating that between 5,000 and 8,000 Angolans had been killed in a year of fighting among three black "liberation" organizations. But sources involved in airlifting 2,000 refugees a day now put the death toll at more than 12,000 for the last three months.

Personal, ideological, regional and tribal rivalries are tearing apart this rich country, twice the size of Texas, that could, if it held together, contribute much to development in southern Africa.

### 3 Hostile Parts

It will take a miracle to avert the breakup of Angola into three hostile parts and a consequent breakdown as well of Cabinda, the tiny oil-rich enclave separated from Angola by the Congo estuary and a strip of Zaire. No miracle is in sight.

But once the refugees, black and white, are safely out, does it really matter to the world if Angola collapses in civil war? Why not let the three armed groups fight it out, as they seem bent on doing, thus determining by conquest—and defeat—the future territorial and political shape of Angola?

The trouble with the hands-off prescription—as in the Congo and Nigeria—is that interested parties are not likely to follow it. What happens in Angola will inevitably affect the course of events in the rest of combustible southern Africa. Angola's agricultural and mineral resources are enormous and coveted. The political stakes for outsiders have risen dramatically during the territory's headlong rush toward independence from Portugal.

It would, for example, be a great victory for the pro-Communist faction in Portugal's ruling Armed Forces Movement, for the Soviet Union and its allies, and for the Congo Republic (Brazzaville) if the Marxist-oriented Popular Movement for the Liberation of Angola (MPLA) won the struggle for power.

But an MPLA triumph would be humiliating for President Mobutu of Zaire, which shares a 1,500-mile border with Angola. Mobutu will make strenuous efforts to prevent the defeat of the moderate National Front for the Liberation of Angola (FNLA), led by his brother-in-law, Holden Roberto. So, presumably, will China, which has helped train Roberto's forces in the hope of frustrating Soviet designs in southern Africa.

Above all, Mobutu has made it clear that he will never accept the MPLA regime presently occupying Cabinda, off whose coast the American firm, Gulf, pumps 150,000 barrels of oil daily for Angola. Although Portugal and all three liberation groups have

agreed that Cabinda is "an integral and inalienable part of Angola," Mobutu supports the Cabinda Liberation Front, which, from its base in Zaire, recently declared Cabinda's "independence."

Outside intervention is also a possibility along Angola's southern border. An unconfirmed report last week said South African troops had crossed into Angola from Namibia (South-West Africa) to protect the hydroelectric dam project on the Cunene River after fighting between the liberation forces had flared nearby.

At a time when black Africa and the UN are intensifying efforts to persuade South Africa to grant independence to Namibia, the white government in Pretoria cannot be indifferent to escalating Angolan war that might spill over the border. And bloodshed among rival black groups in Angola makes it difficult for South Africa to maintain its pressure on the white regime in Rhodesia for concessions that would lead inevitably to majority rule in a country where blacks outnumber whites 24 to 1.

Not can Zambia, which borders Angola on the east, import a conflict that has already disrupted its use of the Benguela railroad and the port of Lobito, through which it has been shipping 45 per cent of its copper exports.

All these factors were undoubtedly in the mind of a Portuguese minister in Angola's transitional government when he observed recently that in the event of "generalized civil war," Portugal would have to ask for outside help.

### Violated Promises

But help from where? The 46-nation Organization of African Unity tried for years to reconcile the quarreling Angola leaders. President Jomo Kenyatta did succeed twice in getting the three liberation movement chiefs to sign an agreement pledging cooperation and renouncing force—but the promises were violated almost before the trio departed from Kenya.

## Letters

### More on Détente

As reported in the IHT, Aug. 20, in Gerald Ford's speech Aug. 19 he expressed a wish for a simple English word to substitute for the French "détente."

Were Mr. Ford or his speechwriters to use a little more care, they might have discovered that "détente" was adopted into the English language as early as 1908, a definition which might be supposed to be precisely the one Mr. Ford wished: "The easing of strained relations." (The Shorter Oxford English Dictionary, Third Edition.)

Mr. Ford is completely incorrect in suggesting that détente has anything to do with "commanding respect from our adversaries and providing leadership to our friends." However, to give credit where it's due, he is correct in saying that détente does not mean "the relaxing of vigilance or effort." It does not mean abandoning accurate expression, either—which is at least equally as relevant.

If Mr. Ford meant that the maintenance of U.S. strength is to be a means of achieving détente with the Soviet Union, one wonders how the Kremlin will

receive this news. Perhaps Mr. Ford should consider using the term "unilateral détente" in future. He could define it as "the process in which strained relationships are eased by the other side only."

PETER H. PERSHALL, Gstaad, Switzerland.

Long-suffering Angola needs a miracle, but none is in view. In fact, it will require a miracle to prevent foreign intervention—and possibly great power involvement—in this southern African tragedy.

The UN is providing resources for care of the refugees; but the Congo precedent—even though UN forces finally crushed the Katanga secession—is not a hopeful one, not the kind of expert officials at Turtle Bay would like to repeat.

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Mr. Ford and his supporters proceed on the increasingly unchallenged assumption that he is the legitimate heir of the validated Republican leader. There has, of course, been no precedent. On the one hand Mr. Ford is the statutorily authorized President; on the other hand, he is, as the first official unelected in a national contest in American history to achieve the White House, in a vague sort of way illegitimate.

I do not begin to suggest that Richard Nixon, as a final gesture of spite, named as vice-president someone manifestly ill-equipped to conduct the responsibilities of that office. I do mean to say this, that if Richard Nixon were president today, a considerable challenge would have already

been mounted on the question of whether a Nixonian of the current descriptions, or a challenger with other descriptions, should be nominated by the Republican party for president in 1976.

Which Man?

No one would have considered such opposition as an act of disloyalty. On the contrary, the national parties have as their principal function the ventilation of differences between their constituents, leading to a resolution of sorts: Which man, advocating which policies, should be presented to the American people in a general election?

There is a not uninteresting and quite recent historical analog. Although Lyndon Johnson was thoroughly elected by the people in 1964, there was explicit dissatisfaction with him among Democrats in 1968. Allard Lowenstein went first to the obvious competitor to Mr. Johnson, Robert Kennedy, and invited him to enter New Hampshire. Sen. Kennedy, in an atypical seizure of ambivalence, declined. In due course Sen. McCarthy, his hand held modestly aloft, volunteered to make the challenge. The obvious contender in the spring primaries is Ronald Reagan. One hopes he will enter a primary campaign for the Republican nomination.

Many of Mr. Ford's supporters are managing to suggest that Republican loyalty requires unanimity in the matter of his resignation. I take the liberty of suggesting that this is probably not Mr. Ford's own surreptitious view. He knows too much, and admires too profoundly, the give and take of democratic politics to make any such presumption. It was something other than his loyalty to the incumbent that led him to challenge, and defeat, Charles Halleck as Republican

## Questions of Food And Foreign Policy

By C. L. Sulzberger

THEMES—Russia, China and the United States are all involved in the politics of food. The Soviet grain crop has fallen far short of requirements with the result that Moscow is buying heavily overseas. Likewise, there has been a slowdown in the Chinese rate of agricultural growth.

On the other hand, capitalist America, despite a relative downturn in the latest Agriculture Department crop report, is expecting a bumper harvest. The Russians have contracted to purchase 9.8 million tons of U.S. wheat and corn and are angling for even larger amounts. As a consequence, the Ford administration is stalling, still uncertain whether there will be enough grain at hand.

At all costs Washington—badly burned by wholesale food exports to the Soviet Union in 1972—wishes to avoid another precipitous rise in food prices. With nine per cent of the population unemployed and inflation not yet cured, and with an election year coming up, President Ford can't risk gambling on further substantial sales to Moscow. Such exports drove prices too high three years ago and chairman Arthur Burns of the Federal Reserve Board fears this could happen again.

### Wariness

This isn't solely a question of policy but also a matter of politics. Ford dares not risk losing the normally Republican Middle West granary states in the 1976 balloting—even if the Russians complain that wariness on grain exports contradicts the "spirit of Helsinki."

China, which for the first time is self-sufficient in its own food output (although it exports costly rice and imports cheaper wheat), has little margin on which to count. As a result, it is purchasing more grain abroad than it would normally desire. Even more significant, it is cutting defense expenditures in order to increase investment in industry and agriculture.

The Soviet Union has a far stronger economic base than the China, but the former's improved living standards have heightened the national appetite. And, although Russia (above all the Ukraine) used to be regarded as one of the largest world breadbaskets, its record is becoming more and more spotty.

### Fall at Farming

The U.S.S.R. is very rich in raw materials such as oil, coal, minerals, timber, water and farmland. But it has never successfully developed agriculture. Therefore, as the size of the population

mounted steadily since 1945, it was never possible for the Kremlin to reckon on available food supplies.

The basic reason for this is doctrinal rigidity. The concept of collective farms and state or communal ownership of the means of (food) production is deeply ingrained in Communism. One consequence has been stern adherence to a program that demonstrably doesn't work efficiently but which would destroy the Soviet interpretation of Marxism if Moscow relented.

Thus, the Russians have experienced enormous famines (above all during the first 20 years following their revolution, in which millions were allowed to die rather than permit a drastic shift in ideologically guided agriculture). There has never been a return to private farming—permitted nowadays and on a massive scale in Marxist Yugoslavia and Poland.

The only major effort to conquer this weakness in the Soviet Union has been to inaugurate programs to open up new growing areas—like Khrushchev's "virgin lands" attempt—or larger collective farms. The failure. And human nature being what it is, the small private plots permitted by both Russia and China to remain under ownership of collectives' individual members have a proportionately higher output than communally worked land.

The Soviet Union has an extraordinarily variable harvest record with bad failures in 1963, 1965, 1972 and this year. But its trade balance has become favorable, thanks largely to energy exports, and it can afford major grain purchases.

### Low Productivity

The fact remains that Russian farmers have an average productivity between 20 per cent (Moscow statistics) and 10 per cent (U.S. statistics) of their American counterparts. Some 31 per cent of the Soviet work force is employed in farming, compared with 4 per cent in the United States. The Soviet Union imports more than six times as much as the United States, proportionately, in agriculture. But America consistently produces surpluses.

While Moscow expends hard currency on food imports and Peking cuts defense outlays, the United States can at least face problems posed by economic hard times and foreign obligations with some sense of security on the farm front. Looked at from the three vantage points of the United States, the Soviet Union and China, the basic fact has important implications in terms of global affairs.

## Reagan for Challenger

By William F. Buckley Jr.

NEW YORK—Political talk about 1976 never fails to record, with considerable professional admiration, the success of Mr. Ford and his lieutenants in corralling the support of prominent Republican conservatives as insurance against a challenge by Ronald Reagan. They have got themselves Dean Burch, and Bo Callaway, and John Tower, and allegedly, though my information is otherwise, Cliff White. They have not yet landed Barry Goldwater. One would hope that Sen. Goldwater would resist any premature cooption by Mr. Ford.

Mr. Ford and his supporters proceed on the increasingly unchallenged assumption that he is the legitimate heir of the validated Republican leader. There has, of course, been no precedent. On the one hand Mr. Ford is the statutorily authorized President; on the other hand, he is, as the first official unelected in a national contest in American history to achieve the White House, in a vague sort of way illegitimate.

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Which Man?

No one would have considered such opposition as an act of disloyalty. On the contrary, the national parties have as their principal function the ventilation of differences between their constituents, leading to a resolution of sorts: Which man, advocating which policies, should be presented to the American people in a general election?

There is a not uninteresting and quite recent historical analog. Although Lyndon Johnson was thoroughly elected by the people in 1964, there was explicit dissatisfaction with him among Democrats in 1968. Allard Lowenstein went first to the obvious competitor to Mr. Johnson, Robert Kennedy, and invited him to enter New Hampshire. Sen. Kennedy, in an atypical seizure of ambivalence, declined. In due course Sen. McCarthy, his hand held modestly aloft, volunteered to make the challenge. The obvious contender in the spring primaries is Ronald Reagan. One hopes he will enter a primary campaign for the Republican nomination.

Many of Mr. Ford's supporters are managing to suggest that Republican loyalty requires unanimity in the matter of his resignation. I take the liberty of suggesting that this is probably not Mr. Ford's own surreptitious view. He knows too much, and admires too profoundly, the give and take of democratic politics to make any such presumption. It was something other than his loyalty to the incumbent that led him to challenge, and defeat, Charles Halleck as Republican

leader in the House of Representatives.

On the other hand, the lure of the presidency is very strong, and, typically, an incumbent finds himself yielding to the extravagant attentions of his courtiers; and this, I fear, is the temptation Mr. Ford is yielding to, notwithstanding his genuine devotion to the democratic process.

So it is with many Republicans, who do not pause to reflect that however we applaud this or the other instance of Mr. Ford's resistance to the organized left, in fact he is succumbing to policies which if they had been championed by any of his Democratic predecessors in office, would have been roundly denounced by the entire Republican membership of the U.S. Congress.

### Nixon's Policies

Former President Nixon initiated a set of policies which, however well-intentioned, resulted in a humiliating defeat in Vietnam; a budget deficit larger than any Democrat ever dared to endorse; the bapism of détente as the established policy of a president who suddenly began to say things about the past living intentions of the Communist superpowers which had they been said 20 years earlier by an American official, would have resulted in his being issued a subpoena by Congress; Nixon to appear before the House Committee on Un-American Activities; and, of the passing along of the seal of office to a general man of conservative disposition who, however, accepts the cult of détente as he would the flingers of a mass-seize, revealing in his presumed contribution to world peace; and who considers himself triumphant when, by raw exercise of the executive veto, he succeeds in reducing a projected national deficit from \$70 to \$60 billion.





### Four Guerrillas Blast a Monument in Kuala Lumpur

KUALA LUMPUR, Malaysia, Aug. 26 (Reuters).—Four guerrillas today damaged Malaysia's national monument with a bomb (photos above) and exchanged shots with police before making their escape, a police spokesman said.

The spokesman said the blast blew off one of the seven mil-

lary figures forming the monument, which commemorates those who died fighting the Communists during the 1949-50 Malayan emergency.

The monument, which stands on a hill near the Parliament Building, is patterned after the World War II U.S. Marine monument on Iwo Jima and was done by the same artist, Felix de Weldon, of the United States.

As a police patrol car approached the road skirting the monument after hearing an explosion at about 5 a.m., guerrillas opened fire with pistols, the spokesman said.

They escaped on two scooters after an exchange of fire. Police found blood trails near the monument, suggesting that some of the guerrillas were wounded.

### Argentine Army Chief Denies Reported Armed-Forces Split

By Jonathan Kandell

BUENOS AIRES, Aug. 26 (NYT).—The commander in chief of the Argentine Army, Gen. Alberto Numa Laplane, yesterday strenuously denied reports of divisions in the armed forces and asserted that the military still supported civilian, constitutional government.

But a leading newspaper, the Buenos Aires Herald, reported yesterday that two generals have sent messages to all army-unit commanders requesting their support for an effort to oust Gen. Numa Laplane and another officer, Col. Vicente Damasco, who was recently appointed minister of the interior.

According to the newspaper, the two dissenting generals are the chief of the Joint Chiefs of Staff, Gen. Jorge Videla, and Gen. Roberto Viola, who commands the Second Army Corps, garrisoned in Rosario, north of Buenos Aires.

The appointment of Gen. Damasco, the first active officer to serve as a cabinet minister in the Peronist government, has sparked a widespread debate among unit commanders during the last two weeks.

#### Generals Divided

Gen. Numa Laplane and four other generals backed the appointment, while five generals came out against it. Most officers are believed to view the Peronist government with hostility because of its inability to solve the mounting political and economic problems.

According to military spokesmen, many army officers consider the designation of Col. Damasco

as an effort to divide the armed forces and rally military support for the government.

"The real cohesion in the armed forces is in their unity on an objective, and that objective is the definitive strengthening of legal institutions in the country," said Gen. Numa Laplane.

The commander in chief also asserted that news reports of dissension in the ranks were "an ill-intentioned interpretation of the military reality."

Gen. Numa Laplane made his remarks during a funeral oration for Maj. Julio Larrabure, whose body was left by Marxist guerrillas on the outskirts of Rosario over the weekend. According to the guerrillas, the major, whom they kidnapped more than a year ago, committed suicide by hanging himself.

#### Peso Devalued

BUENOS AIRES, Aug. 26 (UPI).—Argentina last night announced a 4-per-cent devaluation of the peso, the fifth such measure this year.

Economy Minister Antonio Cafiero made the announcement in a nationwide radio-television speech outlining his program to fight the country's worst economic crisis of the century.

The financial rate for the peso went from 42.50 to a dollar to 44.20. It was the smallest devaluation of the year. Others ranged from 18 per cent to 100 per cent.

Mr. Cafiero also announced a 2.85-per-cent devaluation in the commercial rate used for exports and a 5-per-cent devaluation in the tourist rate used by Argentine residents buying foreign exchange for travels abroad.



Ronald Edwards leaving court.

### A Big-Timer Returns on Small Scale

LONDON, Aug. 26 (UPI).—A paroled member of the gang that got \$2.5 million in the 1963 Great Train Robbery was sentenced today to six months in jail for shoplifting.

Ronald (Buster) Edwards, whose share of the robbery loot was said to have been £150,000, pleaded guilty to stealing £65 in merchandise from Harrod's department store.

He was released on bail after announcing he would appeal the sentence.

Edwards, whose share of the train robbery loot never has been recovered, was paroled in April after serving nine years in prison.

### Robert Mertens, 80, an Expert On Snakes, Is Dead of a Bite

FRANKFURT, Aug. 26 (Reuters).—Prof. Robert Mertens, 80, one of the world's leading experts on snakes has died here after being bitten by a poisonous African tree snake.

A spokesman for Frankfurt's Senckenberg Natural History Museum, which Prof. Mertens directed until 1960, said he died in a hospital on Saturday.

We was bitten at his home three weeks ago while feeding a 50-centimeter-long bovine viper. No effective serum could be found to treat the bite.

#### Orison S. Marden

NEW YORK, Aug. 26 (NYT).—Orison S. Marden, 68, Wall Street corporate lawyer who was a founding member of the Legal Aid Society and of the International Legal Aid Organization, died yesterday.

Mr. Marden's interest in and devotion to the cause of assisting the poor access to legal aid dated to the 1930s, when he was one of 12 charter members of an

Associate Committee that set up the New York Legal Aid Society.

#### Rupert Bayless Vance

CHAPEL HILL, N.C., Aug. 26 (AP).—Rupert Bayless Vance, 76, a nationally known sociologist and professor emeritus at the University of North Carolina, died yesterday after a brief illness. He was a former president of the American Sociological Society and the Population Association of America.

#### Saigon-Canberra Ties

HONG KONG, Aug. 26 (Reuters).—South Vietnam and Australia have established diplomatic relations. The North Vietnam news agency reported.

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### Also a Source of Profits

### Sidewalk Cafes Signal Saigon Peace

By Alan Dawson

SAIGON, Aug. 26 (UPI).—The most obvious industry in postwar Saigon is the outdoor coffee shop. Since outdoor cafes and restaurants were banned by former Saigon regimes because of the danger of terrorist attacks, their creation demonstrates dramatically that peace has returned to Vietnam.

What seems like thousands of the tiny cafes jam the downtown sidewalks of Saigon, the Chinatown section of Cholon and stretch along virtually every street into the farthest suburbs. With unemployment being the single greatest problem of the

new government, residents have found that setting up sidewalk cafes requires little investment and reaps respectable profits.

But for all their charm, the cafes have become the object of some contempt because of some of their clientele.

"Groups of young girls and boys, dirty hippies dressed in sexy clothes, repulsive debauched drunks and heroin smokers" was the way a letter to the editor of the official Saigon Liberation Newspaper described the cafe clients.

There were rumors that authorities intended to close the cafes, particularly those along Tu Do Street, where U.S. soldiers

used to find their entertainment. Vietnamese are sensitive about the poor reputation of Tu Do.

At one point, soldiers ordered all cafes in one Tu Do block to close, apparently because owners refused to clean the sidewalks at the end of the business day. But, about a week later, the cafes were back in business.

A cafe owner said that it took an investment of about \$40 to open. With half a dozen small tables, 30 chairs or stools, a cheap ice chest and supplies to make coffee and serve soft drinks, one can be a cafe owner.

There is no rental since the cafe is on the public sidewalk. "For now, while I try to figure out what to do with my future, it's a way to survive," a cafe operator said.

Obviously, there are too many cafes to last for long, although the average operator takes in the equivalent of \$10 a day or more, enough to live on and buy supplies for the next day.

As unemployment falls, however, and more Saigon residents join the exodus to the countryside, the cafes likely will begin to disappear.

"There are too many cafes now and they give the lazy people a place to go," a Saigon resident said. "But I hope in the future a few of them stay open, because they are a nice place to go in the evening."

### Thai King Gives Land to Farmers

BANGKOK, Aug. 26 (AP).—King Bhumibol Adulyadej, in an effort to help landless farmers, has donated his 20,000 acres of farmland in three central provinces to the government for use in land reform. Premier Kukrit Pramoj announced today.

Mr. Kukrit said that the King wanted to help ease the plight of some 20 million landless farmers in the central plain. The land has been under control of the Crown Property Bureau, an organization assigned to handle the King's private property.

About 80 per cent of the 43 million Thais are farmers. There have been nationwide demonstrations organized by students and landless farmers pressing the government for land reforms.

### U.S. Baby Boom Predicted As Birth Downtrend Ends

By Sandra Blakeslee

BERKELEY, Calif., Aug. 26 (NYT).—The low U.S. birth rate seems to have leveled off and it looks as if the United States is about to experience a new baby boom, according to a team of California demographers.

The reason is that many young women who have postponed bearing children are now in their late 20s and early 30s and if they wish to have two or more children, they cannot delay much longer.

The evidence suggests that these young women do plan to have families, the demographers said, and within the next few years they will begin "making up" the births they put off.

The most recent figures from California indicate that despite adverse economic conditions, the birth rate for women of child-bearing age rose 2.3 per cent in 1974.

The findings were compiled by Dr. June Sklar, a demographer with the University of California's international population and urban research group in Berkeley, and Beth Berkov, a demographic analyst from the California Department of Health.

#### Findings Published

Their report, entitled "The American Birth Rate: Evidence of a Coming Rise," appears in the Aug. 29 issue of Science magazine.

In 1973, the latest year for which nationwide data are available, the U.S. fertility rate hit the lowest point ever recorded—89.3 live births per 1,000 women aged 15 to 44, the demographers said.

The decline had been traced to several social factors, they said, including a declining marriage

rate among the young (aged 15 to 24), a rise in the proportion of women whose marriages were disrupted and a shift toward smaller family size and a change in timing and spacing of births. Also, legalized abortion has had an impact.

But predicting U.S. fertility rates is risky business, the demographers admitted, especially in the light of social, political and economic uncertainties coupled with changes in sexual attitudes and behavior, women's roles and the family.

By 1974, the proportion of childless married women had reached very high levels. Almost one-third of all women under the age of 30 who had ever been married had not yet borne any children. In 1970, the proportion was one-fourth and in 1960 it was one-fifth.

But the demographers reported that among women, more than three-quarters have said they expect to have two or more children by the end of their child-bearing period. This means that childless women between the ages of 25 and 34 must start soon if they are to have the number of children they wish.

Recent demographic figures from New York, Hawaii, Washington and Oregon support this trend, they said.

### Indians Mount Rescue Effort For Flood Victims

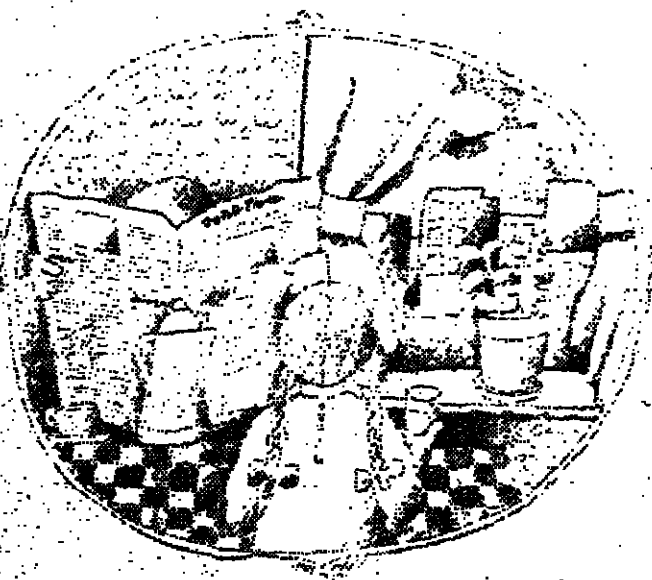
NEW DELHI, Aug. 26 (Reuters).—Indian troops today mounted a huge rescue and relief operation in the eastern city of Patna where floodwaters have made tens of thousands of people homeless.

Most of the city is reported to be under about 10 feet of water and air force transports have lifted scores of army assault boats and essential food and medical supplies to help those marooned on rooftops.

All commercial flights into Patna, capital of Bihar State, were canceled this morning and road and rail communications remained cut for the second straight day. Patna has a population of more than 1 million people.

The Ganges and other rivers near the city burst their banks and the floodwaters surged into Patna yesterday.

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**Big Japan Firm Goes Bankrupt**

TOKYO, Aug. 26 (AP-DJ).—Japan's business community was rocked today by the failure of Kohjin Co., a diversified pulp, textile and real estate concern.

Kohjin, which announced late today that it plans to apply for protection from creditors under this week under the terms of Japan's corporate rehabilitation law, will become the country's largest bankruptcy of the post-war period.

The company's failure, which was attributed by Bank of Japan Governor Teichiro Morinaga to poor management rather than to the effects of central bank monetary policies, comes as the government is drawing up new measures to stimulate business. The measures are expected to be announced next month.

**Banks Asked to Help**

Mr. Morinaga, who delayed his departure for the International Monetary Fund annual meeting in Washington to deal with the Kohjin crisis, said the central bank will ask financial institutions to make sure that the business failure does not result in a chain reaction of bankruptcies.

Bank of Japan officials said the opening of special lines of credit for small and medium-sized firms asked to Kohjin is probable.

Kohjin's failure is also likely to result in additional pressure on Japan's monetary authorities to ease credit throughout the economy. The central bank cut its official discount rate for the third time this year on Aug. 13, but business leaders termed the half-point reduction "too little, too late."

Kohjin reported sales totaling \$3.5 billion yen (\$112.4 million) in the half year ended April, down from \$4.1 billion yen in the preceding half year, and down from \$3.5 billion yen a year earlier.

The company reported an operating loss of 6.1 billion yen for the April term against a \$23-million-yen profit six months earlier and a \$92-million-yen profit a year earlier.

**Founded in 1937**

Although Kohjin, which was established in 1937 as a rayon producer, was traded at the apex and pulp post of the Tokyo stock exchange, pulp accounted for only about 15 per cent of its sales in recent reporting periods. The firm had diversified into textiles, pharmaceuticals, housing and other lines.

Kohjin was regarded as a speculative share on the Tokyo stock exchange, fluctuating sharply at times on reports of anti-cancer medicine developments. Kohjin was the exchange's fourth most-active issue yesterday, when the company's stock was last traded, closing at 100, down 5.

The Tokyo Stock Exchange suspended trading in Kohjin's shares at the opening today following a report in the morning edition of the Asahi Shimbun, a mass circulation daily, that the company's banks had notified it of a halt in new lending. The banks initially denied the report and a Kohjin executive appeared at the exchange around

**Failure Largest Since W.W. II**

noon to say that the company did not plan to enter bankruptcy proceedings.

Later in the day, however, Dai-ichi Kangyo Bank Ltd., Kohjin's main lender, announced that it and several other financial institutions had decided the company could not be saved. Shortly thereafter, Kohjin announced it would apply for court protection.

**Debts Estimated**

The company's liabilities are tentatively estimated to be in the neighborhood of 150 billion yen, or 200 billion yen (about \$670 million) if those of its 39 affiliates are included. The value of its assets has not been determined.

The firm, which has one overseas subsidiary—Sarawak Woodchip Co., located in east Malaysia—employs about 3,800 workers.

Kohjin's immediate liquidity problems stemmed from about 3 billion yen worth of commercial

**Japan Sells Dollars on Money Mart**

TOKYO, Aug. 26 (AP-DJ).—The Bank of Japan sold an estimated \$180 million on the Tokyo foreign exchange market today to prevent the U.S. currency from rising above 298 yen.

The large sales brought the bank's intervention in the first two days of this week to nearly \$250 million, or the same amount as it sold in the first three days of last week.

Dealers said speculative activity, which has been largely absent from the Tokyo market for several months, reappeared today, mainly in the form of leads and lags for trade settlements. Importers rushed to buy dollars to settle shipment receipts while exporters withheld bills from the market in anticipation of a higher yen rate for the dollar-denominated instruments later.

Today's sales by the Bank of Japan kept the spot dollar pegged at 297.75 yen, where it closed, unchanged from yesterday. Turnover in the spot market was exceptionally active at \$237 million.

Industrial Output Gains  
Meanwhile, Japanese industrial output continued its mild recovery in July with the mining and manufacturing production index recording its sixth consecutive monthly gain.

The picture is not entirely bright, however, as output seems to be running ahead of demand, leading to a slight uptick in inventories.

The production index (1970 equals 100) stood at 111.4 after seasonal adjustment in July, up 0.8 per cent from June, but down 11.3 per cent from a year earlier. The Ministry of International Trade and Industry said today in a provisional report.

The shipment index (1970 equals 100) stood at a seasonally adjusted 113.7, up 1.9 per cent from June but down 6.1 per cent from a year earlier.

The provisional inventory index (1970 equals 100) was put at 159.9, up 0.6 per cent from June and up 2.4 per cent from a year earlier.

The inventory to sales ratio registered 138.8 in July, down 0.4 per cent from June but up 9.9 per cent from a year earlier.

**Worse Recession And Inflation Forecast for U.S.**

NEW YORK, Aug. 26 (AP).—A business economist forecast yesterday that the nation will recover "vigorously" from the recession in the coming months, but then will head into even worse inflation and recession.

In a forecast entitled "The Next Ten Years: Inflation, Recession and Capital Shortage," Michael Evans, president of Chase Econometrics, a unit of Chase Manhattan Bank, said that, between now and the end of next year, the real gross national product will rise at a strong annual rate of nearly 7 per cent.

He predicted all sectors of the economy except housing will share in the rebound. Personal and corporate income will climb rapidly, but unemployment will remain at 7 to 8 per cent.

But in 1977, he said, "inflation will return to double digits, due to sharp increases in commodity prices and labor costs."

Fears of shortages and renewed price controls will feed inflationary psychology further, and as businesses and consumers begin buying rapidly in anticipation of even higher prices, demand for credit will soar, and so will interest rates. The prime rate will hit 15 per cent in early 1978, Mr. Evans warned.

He predicted the resulting recession will hit full force in 1978, with real income and the GNP declining, and unemployment peaking at about 13 per cent by 1979.

bills falling due at the end of the month. The company found itself unable to honor the bills without the help of further bank credit.

Along with Dai-ichi Kangyo, the company's main creditors are Mitsubishi Trust & Banking Co. and Mitsu Bank & Banking Co., both of which are large-scale financiers of Kohjin's real estate operations, and Dai-ichi Life Insurance Co.

Kohjin is loosely affiliated with the Mitsubishi group, a link that sent the share price of Mitsubishi Corp., a large trading firm, sharply lower on the Tokyo Stock Exchange today.

**Less on Real Estate**

At the time of its failure, Kohjin was attempting to save itself by spinning off money-losing real estate operations into a subsidiary, a plan the banks vetoed. The company purchased large tracts of undeveloped land at high prices in 1972-73, only to find the bottom drop out of the housing market in the wake of the oil crisis.

Kohjin's real estate sector, which was regarded as its most troublesome activity, had sales totaling 13.2 billion yen in the April term, down from 15.1 billion yen in the preceding six months, but up from 12.4 billion yen a year earlier.

The firm was also suffering in other areas, however. Sales of its main textile line, a fire-resistant fiber, plunged to 1.4 billion yen in the April term from 5.2 billion yen a year earlier, mainly as a result of sluggish demand in the United States. The product never sold very well in Japan.



Roger Sherman



Rodney Grandy Jr.

**PEOPLE IN BUSINESS**

Roger Sherman has succeeded Thomas Downey Jr. as London-based vice-president and senior resident officer, Europe, of Continental Illinois National Bank & Trust Co. of Chicago.

Mr. Sherman joined the company in 1957 and was previously director of its Belgian subsidiary, Mr. Downey has returned to the bank's Chicago headquarters.

Rodney Grandy Jr. has been appointed executive vice-president for Essochem Europe. Mr. Grandy, who joined Essochem in 1955, will take up his new post at Essochem's offices in Brussels, replacing Robert Nea, who has returned to Essochem in New York. Meanwhile, Philippe Lablaude has been named vice-president paravins (advertising) division, and Hilmar Tulskever

vice-president chemical intermediates division. Both men are based in Brussels. Mr. Lablaude replaces Arthur Baron who has returned to the United States as a vice-president of Exxon Chemical Co. U.S.A. Mr. Tulskever takes Mr. Lablaude's previous post.

New president of Dow Chemical Europe is Clyde Boyd, who succeeds Zoltan Merszel, who is moving to a position in the United States. Mr. Boyd joined Dow in 1941 and became president of Dow Canada in 1971.

Dai-ichi Kangyo Bank has announced that Isao Suzuki, its general manager for London, will be returning to Japan. He is to be succeeded by Naomichi Setaguchi.

**FINANCIAL NEWS AND NOTES****Offer for Mees en Hope Detailed**

Algemene Bank Nederland (ABN), the second-largest bank in the Netherlands, detailing its plans to take over the Mees en Hope Group, is offering to pay 192 guilders for each share of the banking group, or a total of 254.25 million guilders (about \$96 million). ABN says it will exchange eight of its own common shares (worth about 2,640 guilders) plus 1,200 guilders in new convertible bonds for every 20 shares of Mees en Hope. Bank Mees en Hope, the main asset being acquired, had a consolidated balance sheet total of some 5.5 billion guilders last Dec. 31. The group had net earnings of 21.1 million guilders for its 1974 fiscal year. Morgan Guaranty Trust of New York owns a 20-per-cent stake in Mees en Hope Group.

**GM Raises Truck Prices**

General Motors is raising truck prices an average 7.3 per cent, or \$397, for the 1976 models. The firm earlier this summer announced its car prices would rise an average 4.4 per cent, or \$306. GM is the only U.S. maker so far to announce final 1976 prices. American Motors has said car prices will increase about 5.8 per cent, or \$200. Officials at Chrysler Corp. and Ford Motor also have said their prices will go up. Although the list price for GM's cars is up 4.4 per cent, the wholesale price is being raised 5.9 per cent and some analysts predict the average price on the actual sale will rise by about 5.5 per cent.

**Big Board Firms' Profit Lower**

New York Stock Exchange member firms doing a public business logged a \$103.8-million aggregate pre-tax profit in June, the second month of negotiated brokerage commissions, the Big Board reports. The result, reflecting 416 firms surveyed, is down 24 per cent from May's \$136.5 million net, but reverses a \$37.7-million loss in June 1974. For the first half of 1975, the firms rolled up pre-tax net of \$606.6 million, compared with a \$57.7-million loss in 1974's first half. Six-month gross revenue hit \$3.21 billion this year, up 30 per cent from \$2.36 billion a year earlier. June 1975 gross revenue was \$548.8 million, up 39 per cent from June 1974.

**Maverick Seeks 22.6% Stake in Anaconda**

By Michael C. Jensen

NEW YORK, Aug. 26 (NYT).—At a stage of life when most executives are deciding how to spend their retirement years, Thomas Mellon Evans, a hard-nosed maverick industrialist from Pittsburgh, is making his third attempt to gain a foothold in the copper business.

Twice rebuffed by small copper producers, the acquisition-minded Crane Co. (which the 64-year-old Mr. Evans both runs and dominates financially) recently announced that it wanted to buy 22.6 per cent of Anaconda Co., the nation's third-largest copper producer.

[Anaconda's board of directors said today that Crane's offer "is not in the best interests" of Anaconda and its shareholders, Reuters reported.]

[In a letter sent to shareholders, Anaconda also said the actions of Crane raise "serious and substantial legal questions. Accordingly, counsel has been instructed to take such action as appears necessary."]

That will hardly come as a surprise to Mr. Evans, who owns \$31 million worth of Crane stock and is no stranger to "unfriendly" mergers. Forbes magazine once called him "the man in the wolf suit."

Mr. Evans' opposite number in the confrontation is John Bassett Moore Place, a rather austere, \$335,000-a-year, former vice-chairman of Chase Manhattan Bank.

Mr. Place was installed at Anaconda in 1971 after the company lost its copper mines in Chile through a take-over by the government. There he has since diversified Anaconda—once the world's largest copper producer—to the point where the company is now 80-per-cent dependent on

manufacturing and only 20 per cent on mining.

Despite his progress, Mr. Place has been unable this year to prevent earnings, which boomed last year, from sliding sharply. As a result, Anaconda's common stock has been dragging along at about \$15 a share (it started at \$18 after the Crane offer was announced), down from a high of \$30 last year.

Enter Mr. Evans, Crane's \$340,000-a-year chairman. Last week Crane filed a registration statement with the Securities and Exchange Commission, in which it said it would try to buy 5 million shares of Anaconda stock from the copper company's shareholders.

Crane said it would give Anaconda shareholders one newly issued Crane share for each of their Anaconda shares. "The new Crane securities would be 8-per-cent subordinated sinking fund debentures due in 1985, priced at \$25 principal amount."

While it is generally agreed that the Evans offer is imaginative—he is not diluting Crane's common stock, and his expenses so far have been modest—there is a general feeling on Wall Street that the deal is far from completion.

For one thing, Anaconda has not yet really begun to fight. Its lawyers are studying the registration statement, and its board of directors is scheduled to meet this week to establish a position and map strategy.

For another thing, securities analysts who were asked about the proposal said the advantage to Anaconda shareholders of trading their shares for Crane debentures seemed doubtful at best. They pointed out that, given current yield of similar securities, the new debentures would probably trade at about \$20, only \$2 higher than the recent price of Anaconda stock.

Furthermore, they said, Anaconda stock is probably undervalued at the moment, and better times for the company are probably ahead.

Nevertheless, Wall Streeters, if not Anaconda executives, are looking at the Crane move with considerable admiration. For Anaconda, the prospect of being an unwilling partner is not unfamiliar. Because the company has valuable assets and a stock price that is undervalued by most estimates, it is considered attractive by other corporations.

Earlier this summer, for example, there was talk that Gulf Oil was interested in Anaconda. And there are recurring stories about a possible link-up of some sort involving Anaconda and Kerr-McGee Corp. Like Anaconda, Kerr-McGee is in the uranium business.

Anaconda obviously can find some alternatives if it becomes clear that Crane has a chance of successfully buying 22.6 per cent of its stock.

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**Balance Still in Billion Surplus****Oil Imports Hit U.S. Trade**

WASHINGTON, Aug. 26 (AP).—The government reported today that a 52-per-cent jump in oil imports eroded the U.S. trade account in July, but still left a trade surplus by nearly \$1 billion.

The Commerce Department said imports of all goods increased by 13.7 per cent in July, but exports still managed to gain 2.2 per cent. The result was a trade surplus of \$977.1 million, compared with the \$1,737-billion record in June.

The sixth consecutive monthly surplus left exports \$6.4 billion dollars ahead of imports for the year, a sharp reversal of the \$22-billion deficit last year.

Analysts have been expecting all year an eventual deterioration in the U.S. trade balance as the economy returns to health. The recovery increases demand for the imported oil which fuels industry and for the consumer goods which Americans stopped buying when the recession set in.

The Commerce Department's latest figures, however, showed that U.S. trading activity is still providing strong support to the economy.

It was unclear whether the surge in oil imports was the start of the expected trend toward steadily increasing imports.

Commerce Secretary Rogers Morton said the July figures illustrated the importance of foreign oil in the U.S. trade picture.

"The United States must develop a comprehensive energy program as soon as possible if we are to maintain a strong trade position and avoid dragging strength from the economic recovery now under way," he said.

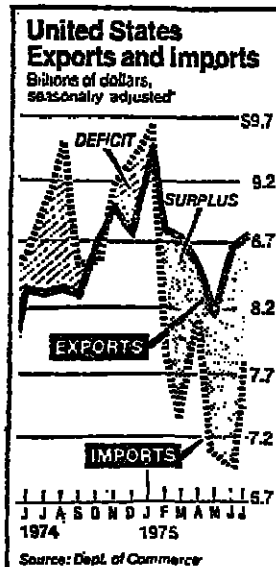
The increase in petroleum amounted to 52 per cent over June imports, but the oil category has been subject to wide swings from month to month this year in response to the oil import tariff duties imposed by

**EIB Cancels Offering**

NEW YORK, Aug. 26 (AP-DJ).—The European Investment Bank said today that due to market conditions its proposed public offering of \$100 million of notes has been canceled and the registration statement filed with the Securities and Exchange Commission is being withdrawn.

**Zaire Oil Output Set**

TOKYO, Aug. 26 (Reuters).—An international oil consortium will start producing oil offshore Zaire in November at a daily rate of 25,000 barrels, Japanese industry sources said today. The operation will make Zaire the tenth oil producer in Africa, they said.



President Ford in February and June.

The July import volume of 179 million barrels was still only slightly ahead of this year's monthly average of 174 million barrels.

Computed on another basis, which includes the value of shipping and insuring imported goods, the trade account for July showed a \$390.8-million surplus compared with June's \$1.2-billion surplus. The computation including shipping and insurance costs is used by most of America's trading partners.

The export goods showing the sharpest increases were soybeans, \$181 million; motor vehicles and parts, \$74.1 million; wheat, \$49.1 million, and grain sorghums, \$41.5 million.

Exports of corn, coal, rice, iron and steel all declined.

**Dollar Declines in Europe**

LONDON, Aug. 26 (AP-DJ).—The dollar declined in Europe today, mainly on disappointment with the U.S. trade results for July.

Dealers said the market had been anticipating a bigger trade surplus for July. In Frankfurt, the dollar fell to 2.57 deutsche marks from 2.5798. In Zurich, it moved down to 2.5783 Swiss francs from 2.5812. In Paris, the dollar eased to 4.33 francs from 4.3875.

**Two-Day Rally Ends in N.Y. With Dow Average Off 9.23**

NEW YORK, Aug. 26 (IHT).—Prices closed sharply lower over a broad range on the New York Stock Exchange today, ending a two-day rally that many analysts considered insignificant because of low volume.

The Dow Jones industrial average fell 9.23 points to 803.11 and declining issues outnumbered gains, about 830 to 410.

Volume totaled 11.35 million shares compared with 11.25 million yesterday.

Analysts generally interpreted the gain of the two previous sessions as a typical bounce on bargain-hunting after long and steep losses in stock prices.

They added that the market continued to react to rising interest rates and the threat of a renewal of U.S. inflation.

Brokers tended to regard the low turnover as typical of a pre-Labor Day holiday period when there is little important news.

Copper Range sank 18 3/8 to 25. Amstar's proposed merger with Copper Range was opposed in an anti-trust suit filed by the Justice Department. The suit also called for Amstar to divest itself of 20 per cent of its holding in Copper Range.

Amstar common closed at 52 1/2, up 5 1/8.

MCA tacked on 1 3/4 to 69 5/8. Dow Jones news service and the Wall Street Journal reported that

analysts credit gains in movie-makers' stocks recently to "improving fundamentals."

In retreat were Hewlett-Packard, off 4 to 90 3/4, Aluminum Co. of America 3 to 44 3/4, Superior Oil 1 1/2 to 186, Eater Laboratories 3 1/8 to 35 5/8, Sterling Drug 1 to 16 3/8, Philip Morris 1 1/8 to 44 1/4, McDonald's 1 1/8 to 44 1/4, and Dow Chemical 1 7/8 to 86 1/4.

Other soft spots included IBM down 3 3/4 to 178 1/4, Digital Equipment 4 1/4 to 106 3/4, Texas Instruments 1 1/2 to 90 3/8, Xerox 1 3/4 to 55 3/4, Polaroid 1 5/8 to 52 1/2, and Procter & Gamble 1 7/8 to 53 1/2.

Autos and steels were narrowly mixed.

Prices on the American Stock Exchange declined in light trading. The Amex index fell 0.38 to 83.99.

Syntex, a volume leader, fell 1 1/4 to 29 3/4.

In Chicago, support withered and selective liquidation and profit-taking combined to produce limit declines in six of the major commodity futures pits on the Board of Trade.

The major declines included 30 cents a bushel in soybeans and wheat, 10 cents in corn, 6 cents in oats, 100 points, or 1 cent a pound, in soybean oil and 20 cents in silver futures. Soybean meal was down nearly \$8 a ton.

**Common Market Five emerging as economic power of the 1980's.**

According to the Hudson Letter, a Common Market "Inner Core" consisting of France, Germany, and the Benelux countries is likely to become the second economic giant of the 1980's.

To find out who will make policy for this group, why the other EEC members are "in but not of" the Common Market, and which non-EEC countries are drawing closer to the policies of the Inner Five, read the most recent issue.

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| gefaßt:                      |                             |         | Nord LB – summary of balance sheet: |        |   |             |
|------------------------------|-----------------------------|---------|-------------------------------------|--------|---|-------------|
| anz zum 31.12.1974 in Mio DM |                             | Passiva | assets                              |        | balance sheet at 31.12.1974 in million DM | liabilities |
| 643                          | Verbindlichkeiten gegenüber |         | cash reserve                        | 643    | obligations to credit                     |             |
| 193                          | Kreditinstituten            | 4.117   | bills                               | 193    | institutions                              | 4.117       |
|                              | Verbindlichkeiten gegenüber |         | claims on credit                    |        | obligations to                            |             |
| 4.304                        | Kunden                      | 3.757   | institutions                        | 4.304  | customers                                 | 3.757       |
|                              | Spareinlagen                | 2.064   | claims on customers                 | 15.511 | saving investments                        | 2.064       |
| 15.511                       | Begebene                    |         | securities                          | 1.913  | issued bonds                              | 12.037      |
| 1.913                        | Schuldverschreibungen       | 12.037  | loans on trust basis                | 956    | loans on trust basis                      | 956         |
| 956                          | Durchlaufende Kredite       | 956     | holdings                            | 427    | capital and reserves                      | 753         |
| 427                          | Eigene Mittel               | 753     | regional building society           |        | regional building society                 |             |
| 2.562                        | Landes-Bausparkasse         | 2.477   | (Landes-Bausparkasse)               | 2.562  | (Landes-Bausparkasse)                     | 2.477       |
| 2.327                        | Sonstige Passivposten       | 2.675   | other assets                        | 2.327  | other liabilities                         | 2.675       |
| 28.835                       | Summe der Passiva           | 28.835  | total assets                        | 28.835 | total liabilities                         | 28.835      |
| 32.351                       | Geschäftsvolumen der Bank   | 36.425  | group balance sheet                 | 32.351 | total volume of business                  | 36.425      |



## New York Stock Exchange Trading

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# Vilas: The Complete Tennis Player and More

By Barry Lorge

BROOKLINE, Mass., Aug. 26 (UPI)—Watching Guillermo Vilas, on a tennis court, thrashing his heavy topknot strokes, sprouting for shots with a seemingly inexhaustible supply of energy, looking strong and graceful through long winning streaks and longer practice sessions, it is easy to assume that he has nothing on his mind except chasing a fuzzy ball around that 27-by-78 rectangle. No assumption could be further from the truth.

The 23-year-old Argentinean, who yesterday beat Wimbledon champion Arthur Ashe, 4-6, 6-3, 6-0, 6-4, to advance to the final of the U.S. pro championships, insists on keeping his life much broader and less geometric. If he has one regret, it is that time forces him to place some boundaries on his interests.

Vilas has dominated the U.S. summer circuit the last two years. He has won 26 of his last 27 matches and tonight will be going for his sixth title in 14 tournaments this year. He meets Bjorn Borg of Sweden, who last night beat John Alexander, 6-3, 6-7, 6-3, 6-0. But tennis could never be his whole life: he is a bright, sensitive, articulate young man, knowledgeable on a thousand subjects, eager to learn about a million more.

He dropped out of law school at 20, after completing two years, to play tennis fulltime, but not before he had earned a law degree. Of course, it was the best of the best, the left-handed king of clay courts in his lifting English. "But I never want to forget that I am first a person."

I am first a person would be an appropriate title for the autobiography of this engaging South American, who travels the globe, writes books and poetry, contemplates the world around him and his own good fortune, refusing to compromise a thoughtful life-style to the sometimes savage demands of sudden fame.

Vilas is built like a half-back—5-11 and 165 pounds, with broad shoulders and powerful legs. Sly, he has occasionally balked at the onslaught of interviewers who have stalked him since last summer, when he shot from obscurity to establish himself among the top half-dozen tennis players in the world.

In many cases, he puts interviewers off—"I am tired now," he says. . . . "I must phone Argentina; we'll do it later, all right?" Or tomorrow? But he declines politely that it is difficult to badger him, and when he does sit down, he invariably gives undivided attention.

He speaks about politics, religion, South American Indian history, philosophy, music, literature. Vilas grew up in the resort city of Mar del Plata, the son of a

wealthy lawyer. He said he was lonely as a youngster, living out in the country with no children, his own age nearby and recalled that he was always inquisitive, probing, curious.

He is a good listener. He never liked studying in the formal sense but recalled his school days fondly for the marathon rap sessions they generated. "We talked about everything that happened to us, what it meant how we felt about things," he says.

He doesn't like fiction, preferring philosophy, history, poetry. "My life is like fiction—I am all the time traveling, staying a few days and leaving, meeting different people," he said. "Sometimes I eat breakfast in America, fly and have dinner on a different continent. To most people this is not real. When I read, I like things that people really observe and feel."

A volume of Vilas' poetry is to be published in Argentina next month, and he has launched a book of prose that he is undecided about publishing.

Vilas earned \$374,227 in prize money last year, and is on his way to an equally remunerative season in 1975. He is a rarity in sport: a man without an agent. Asked last December how he had invested his winnings, he replied, "I haven't had time to do anything yet. Mostly I still have the checks with me. I haven't cashed them."

He has resisted the crush of wheeler-dealers anxious to cash in on his enormous popularity back home, rejecting, for example, the approaches of Argentine film-makers who envision him as a handsome matinee idol.

On the court he is known as one of the fastest as well as toughest competitors in tennis. "When you play a match, you are not trying to kill anybody," he has said. "When you finish, you talk to your opponent. You say, 'I was serving badly tonight, or 'You were not approaching well,' something like that."

"If you are a killer, you don't say anything. You don't say what the other one did wrong, or you try to make him afraid of you, things like that. That is bad. Your opponent is also your friend. You would not want to have him cheated, and you don't have to be a destructive person—a killer—to win a tennis match. You are first a sportsman, second a professional."

Rain Again

SOUTH ORANGE, N.J., Aug. 26 (Reuters)—Rain postponed for the second day the men's singles final between the Nastase of Romania and Bob Hewitt of South Africa in the Tennis Week Open at the Orange Lawn Tennis Club. Virginia Ruzici and Mariana Simionescu, both of Romania, will meet in the women's singles final.

## Italian Soccer on Defense Before the Season

By Brian Glanville

LONDON, Aug. 26 (UPI)—Not until October does the Italian League championship begin, but for some weeks now the Italian sporting press has been indulging in its two favorite summer pastimes: interviewing soccer players at the seaside, and doing public penance.

Immediately after its failure of the 1974 World Cup, there was a great cry of self-abandonment, a plethora of promises to train harder, run more, play a more "modern" and enterprising kind of football. Needless to say, nothing happened. I remember once, in Turin, being assured by the Juventus president and former captain of Italy, Gianni Boniperti, that the reason Italians had to play *catenaccio* and the counter-attack was because they couldn't run about like the English.

Now an interesting series in Turin's own sports paper confirms what I told him at the time: that it is nonsense. Doctors at the Turin Institute of Sports Medicine have firmly said that while Italian players are pathetically unfit, undertrained, and in no way to be compared with basketball players, there is nothing physiologically wrong or inferior about them, nothing to prevent them from playing "total football," and running about as much as they choose.

Neurologists and physiologists have supported these views, adding that, in fact, no player has a natural physical advantage, when it comes to playing soccer. In Corrado, Dragan Djadjic has enthralled everybody: his form for the little Bastia club so far has been splendid, his amiable personality calculated to beguile. But people are still wondering how on earth Bastia, of all people, managed to sign this superbly talented Yugoslav left-winger, one of Europe's finest for nearly a decade.

Djadjic says it is quite simple. His friend Pantelec, the former Yugoslav international goalkeeper, was already playing for Bastia, and told him how pleasant it was. He suddenly wanted to leave his old, and only, club, Red Star, because it had lost so many

of its best players and its manager, Miljan Miljanic. And Bastia came to see him just at the moment when he had decided to leave Red Star.

Bastia, doing well if it draws 6,000 people, is to pay Djadjic \$25,000 (\$65,000) for his first season, but says that it is aiming for the French Championship this season—after briskly setting the pace for much of the last one—and thereafter the European Cup.

Djadjic, meanwhile, says he has a clause in his contract to say he will be released to play for Yugoslavia if and when he is wanted. "I hope they will take advantage of that, though in the past Yugoslavia has been extremely reluctant to bring back players from abroad, among them Djadjic's mentor, Josip Stokic, who played with such success for Marseille, but ended his international career as soon as he set foot in France."

Organization Need  
"Somebody's got to be able to keep a logical schedule to keep from tearing the game apart," said Jack Kramer, another old champion, now executive director of the touring group called the ATP. "If something's not done, you're going to find that anybody can come in anytime and start competing with the Wimbledon and Forest Hills."

"Tennis isn't like baseball or football, where you have business oriented club owners. Our group has 177 recognizable pros and they go all over the world. In golf, you can cut 200 players who start a tournament down to 75 for the final two days. In tennis, you can only eliminate half the field on any day. So you need multiple tournaments so that maybe 128 people each week can be playing in a paycheck. And you need some kind of elected council or somebody to keep order."

"People spend \$8 or \$10 for a ticket and sponsors pay maybe \$75,000," said George Darby, president of the Eastern Lawn Tennis Association. "There's got to be some authority to suspend a player if he walks off or fails to show. Tennis players are individuals who have managers running their affairs, and the best ones don't need a commissioner now as long as the prize money is great. But the amateurs do. How long will the sponsors put up with an idle Nastase walking off the court?"

"Too many championships now, too many political struggles, boycotts at Wimbledon, even lawsuits. I've got elected president of the USTA. I'm gone in two years—barely knowing what I'm doing by the end of my term. Forest Hills has survived, but some of the others haven't."

In the old days, some sort of order was kept by the USTA and its 17 satellite associations. They were supposed to "promote" tennis. Now everybody and his brother Harry is promoting tennis, and the pros are growing richer, but the spectators are growing confused.



Guillermo Vilas shows determination in winning match.

## Money New Tradition In World of U.S. Open

By Joseph Durso

NEW YORK, Aug. 26 (UPI)—When Ken Rosewall won the U.S. amateur tennis title at Forest Hills 20 years ago, he was rewarded with a gold tennis ball and a handshake. When he won the same tournament six years ago, he got the handshake, a new car and \$20,000 in cash. By then, it was known as the United States Open—meaning it was open to amateurs and pros alike—and tennis no longer was considered a genteel recreation for elderly couples or Australian whiz kids.

In fact, when the tournament begins its 12-day stand tomorrow, signs of progress will be all over the place: the prize money will total \$309,430; television will be on the scene; some boxes will cost \$800 apiece; the old grass courts will have been replaced by a clay-like surface and lights will ring the stadium so that matches can be played at night as well as by the sun's glare.

All the blessings of the big business of sports, that is, including a dash of razzle-dazzle for a game once played without a murmur at the Newport Casino and on Long Island lawns. Tennis has arrived, like golf—which offered \$100,000 in prize money for the entire industry 35 years ago but which spreads nearly \$8 million around the circuit today.

Tradition has not exactly been trampled along with the grass, because Forest Hills is still Forest Hills in the world of tennis. But not many traditions are surviving in the get-rich-quick scheme of sports these days. Tournament follows tournament, "classic" follows "championship," and you may find yourself asking a simple question like: "Who's ahead this year in tennis?" Even the United States Open was preceded this week by the Medici women's tennis classic at Harrison, N.Y., the United States "Professional Tennis Championship" at Brookline, Mass., and the Tennis Week Open at Orange, N.J.

"I hope so. It's getting to the point where they need a guy who'd say: 'Okay, we'll direct you. Be conservative of public opinion. They need guidance.'"

Tony Trabert, just elected captain of the U.S. Davis Cup team, packed his bags in Los Angeles to fly to New York, where he will handle television commentary at the main event. In the pioneer days, he once took a pro troupe to Marseille, hammered a nail into the wall of a convention hall, hung his jacket on it and announced: "You're a pro now. You carry your dressing room with you."

"Tennis is going through growing pains now," he said yesterday. "It's been like that ever since open tennis was permitted. But we'll need someone in authority to prevent things like overlapping tournaments, because everybody wants a slice of the melon."

"Golf won't let anything overlap the Masters or U.S. Open or British Open or PGA. In golf, you can cut 200 players who start a tournament down to 75 for the final two days. In tennis, you can only eliminate half the field on any day. So you need multiple tournaments so that maybe 128 people each week can be playing in a paycheck. And you need some kind of elected council or somebody to keep order."

"People spend \$8 or \$10 for a ticket and sponsors pay maybe \$75,000," said George Darby, president of the Eastern Lawn Tennis Association. "There's got to be some authority to suspend a player if he walks off or fails to show. Tennis players are individuals who have managers running their affairs, and the best ones don't need a commissioner now as long as the prize money is great. But the amateurs do. How long will the sponsors put up with an idle Nastase walking off the court?"

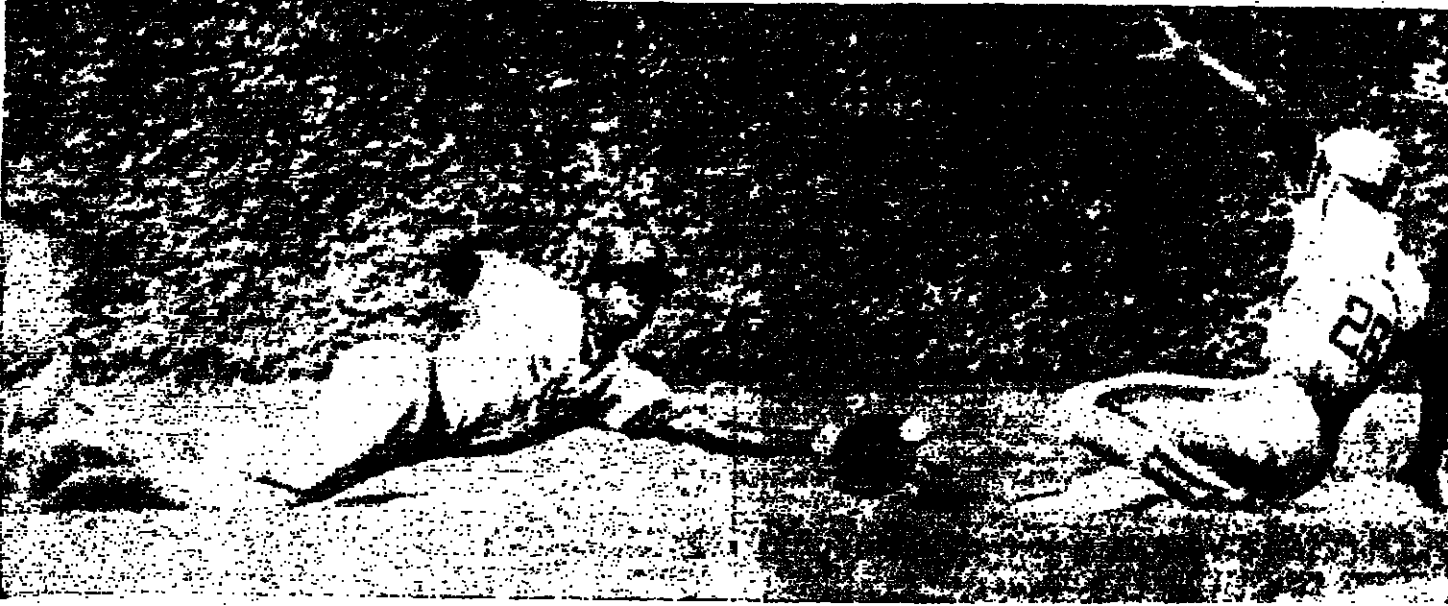
"Too many championships now, too many political struggles, boycotts at Wimbledon, even lawsuits. I've got elected president of the USTA. I'm gone in two years—barely knowing what I'm doing by the end of my term. Forest Hills has survived, but some of the others haven't."

In the old days, some sort of order was kept by the USTA and its 17 satellite associations. They were supposed to "promote" tennis. Now everybody and his brother Harry is promoting tennis, and the pros are growing richer, but the spectators are growing confused.

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HEADING FOR AN OUT—Chicago Cubs' second baseman Vic Harris, left, dives over second to grab wide throw and then tag out the Houston Astros' runner Wilbur Harris, who was caught as he tried to steal the base.

## Pirates' Pitcher Gets Rid of His Guilt Feeling

PITTSBURGH, Aug. 26 (UPI)—Pitcher Jim Rooker said he has let the Pittsburgh Pirates down all year. But he vindicated himself last night.

Rooker tossed a three-hitter to lead the Pirates to a 4-0 victory over the Atlanta Braves. It was Pittsburgh's sixth triumph in the last seven games and kept it three games in front of Philadelphia in the National League East.

"Since I've been here, I've had good control. But earlier this year I was wild and I'm not the kind of pitcher who can work behind the batmen," Rooker said. "I feel I've let the club down because if I had had the year that

was expected of me we would be three or four more games out front."

Rooker notched his 10th triumph against nine losses, striking out four and walking one. Willie Stargell, who recovered from a rib injury, also contributed to the victory by driving in two runs.

"The cracked rib is going to bother me for a while," Stargell said. "It's not going to go away, so I try not to think about it. Besides, I never was smart enough to think about two things at once and when I'm out there I have to concentrate on the game."

"I can really feel the pain when

I swing and miss so it's nice to make contact. This guy we faced (losing pitcher Mike Thompson) . . . I can't believe he's still looking for his first win. He throws smoke. When he gets it together he can be a 20-game winner."

Rennie Stennett, who knitted two rallies, singled in the first inning of Thompson, 0-5, moved to second on a groundout and came home on Stargell's two-out single.

Stennett walked with one out in the third, moved to third on Craig Reynolds' single and scored when Al Oliver grounded out. Stargell's second single scored Reynolds, making it 3-0.

Rich Heiber singled in the fourth, took second when Dusty Baker fumbled the ball, advanced to third on Rob Bellor's error and came home on Stennett's single which kayaked Thompson.

Phil's 4, Dodgers 2  
At Los Angeles, Mike Schmidt smashed his 31st homer and Greg Luzanski contributed two run-scoring singles to spark Philadelphia to a 4-2 victory over the Dodgers. Larry Christenson gained his eighth victory against four defeats, with reliever Gene Garber pitching hitless ball over the last 3 1-3 innings.

Cards 3, Astros 3  
At St. Louis, rain washed out an 11th-inning home run by Houston's Cliff Johnson and the score between the Astros and Cardinals reverted to a 10-inning 3-3 tie. The game will be replayed as part of a doubleheader tonight.

After Johnson's homer had given Houston a 4-3 lead, the Cards had a runner at first with two out in the bottom of the 11th when the downpour hit Busch Stadium. The umpires waited 14 hours 14 minutes before calling the game.

Johnson came within one out of becoming the seventh player in baseball history to hit a home run in six consecutive games.

Mets 4, Padres 0  
At San Diego, Hank Webb pitched a five-hitter and rookie hits Vail collected four straight hits as the New York Mets beat the Padres, 4-0. The shutout was the first of Webb's career.

Indians 5, White Sox 1  
At Cleveland, rookie right-hander Dennis Eckersley, who began the season in the bullpen, hurled 6 1-3 hitless innings and finished with a three-hitter in the Indians' 5-1 victory over the Chicago White Sox. Manager Frank Robinson and Charlie Spikes slammed consecutive home runs for the Indians in the eighth off Jim Kaat, 10-10.

Rangers 1, Tigers 0  
At Arlington, Texas, rookie Jim Umberger pitched a three-hitter in outdueling Ray Bane and designated hitter Tom Grieve singled home a run in the second inning to lead the Rangers to a 1-0 victory over Detroit. Umberger, a 23-year-old left-hander who was making only his fifth start of the year, walked one and struck out five in boosting his record to 6-5.

Twins 6, Brewers 3  
At Milwaukee, Dave McKay hit a second-inning homer and Lyman Bostock had three hits and drove in two runs to spark Minnesota to a 6-3 triumph over the Brewers. The loss was the Brewers' ninth in their last 10 games.

## Tuesday

### Reds Top Cubs in 9th

CINCINNATI, Aug. 26 (UPI)—Joe Morgan's bases-loaded single off first-baseman Andy Thornton's glove with two out in the ninth today scored two runs to give the Cincinnati Reds a 6-5 victory over the Chicago Cubs. Morgan's liner eventually bounced into the coach's box near first base as Dave Concepcion and Pete Rose scored easily.

## Monday's Line Scores

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| Kansas          | 000 | 000 | 000-0 0 0 |
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| NATIONAL LEAGUE |     |     |           |
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